ACRP
SYNTHESIS 81

AIRPORT COOPERATIVE RESEARCH PROGRAM

Food and Beverage and Retail Operators: The Costs of Doing Business at Airports

Sponsored by the Federal Aviation Administration

A Synthesis of Airport Practice

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AIRPORT COOPERATIVE RESEARCH PROGRAM

Airports are vital national resources. They serve a key role in transportation of people and goods and in regional, national, and international commerce. They are where the nation's aviation system connects with other modes of transportation and where federal responsibility for managing and regulating air traffic operations intersects with the role of state and local governments that own and operate most airports. Research is necessary to solve common operating problems, to adapt appropriate new technologies from other industries, and to introduce innovations into the airport industry. The Airport Cooperative Research Program (ACRP) serves as one of the principal means by which the airport industry can develop innovative near-term solutions to meet demands placed on it.

The need for ACRP was identified in *TRB Special Report 272: Airport Research Needs: Cooperative Solutions* in 2003, based on a study sponsored by the Federal Aviation Administration (FAA). ACRP carries out applied research on problems that are shared by airport operating agencies and not being adequately addressed by existing federal research programs. ACRP is modeled after the successful National Cooperative Highway Research Program (NCHRP) and Transit Cooperative Research Program (TCRP). ACRP undertakes research and other technical activities in various airport subject areas, including design, construction, legal, maintenance, operations, safety, policy, planning, human resources, and administration. ACRP provides a forum where airport operators can cooperatively address common operational problems.

ACRP was authorized in December 2003 as part of the Vision 100—Century of Aviation Reauthorization Act. The primary participants in the ACRP are (1) an independent governing board, the ACRP Oversight Committee (AOC), appointed by the Secretary of the U.S. Department of Transportation with representation from airport operating agencies, other stakeholders, and relevant industry organizations such as the Airports Council International-North America (ACI-NA), the American Association of Airport Executives (AAAE), the National Association of State Aviation Officials (NASAO), Airlines for America (A4A), and the Airport Consultants Council (ACC) as vital links to the airport community; (2) TRB as program manager and secretariat for the governing board; and (3) the FAA as program sponsor. In October 2005, the FAA executed a contract with the National Academy of Sciences formally initiating the program.

ACRP benefits from the cooperation and participation of airport professionals, air carriers, shippers, state and local government officials, equipment and service suppliers, other airport users, and research organizations. Each of these participants has different interests and responsibilities, and each is an integral part of this cooperative research effort.

Research problem statements for ACRP are solicited periodically but may be submitted to TRB by anyone at any time. It is the responsibility of the AOC to formulate the research program by identifying the highest priority projects and defining funding levels and expected products.

Once selected, each ACRP project is assigned to an expert panel appointed by TRB. Panels include experienced practitioners and research specialists; heavy emphasis is placed on including airport professionals, the intended users of the research products. The panels prepare project statements (requests for proposals), select contractors, and provide technical guidance and counsel throughout the life of the project. The process for developing research problem statements and selecting research agencies has been used by TRB in managing cooperative research programs since 1962. As in other TRB activities, ACRP project panels serve voluntarily without compensation.

Primary emphasis is placed on disseminating ACRP results to the intended users of the research: airport operating agencies, service providers, and academic institutions. ACRP produces a series of research reports for use by airport operators, local agencies, the FAA, and other interested parties; industry associations may arrange for workshops, training aids, field visits, webinars, and other activities to ensure that results are implemented by airport industry practitioners.

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Cover figure: Raleigh–Durham International Airport Terminal 2 Concourse Level. *Courtesy*: RDU, Raleigh–Durham Airport Authority.

FOREWORD

Airport administrators, engineers, and researchers often face problems for which information already exists, either in documented form or as undocumented experience and practice. This information may be fragmented, scattered, and unevaluated. As a consequence, full knowledge of what has been learned about a problem may not be brought to bear on its solution. Costly research findings may go unused, valuable experience may be overlooked, and due consideration may not be given to recommended practices for solving or alleviating the problem.

There is information on nearly every subject of concern to the airport industry. Much of it derives from research or from the work of practitioners faced with problems in their day-to-day work. To provide a systematic means for assembling and evaluating such useful information and to make it available to the entire airport community, the Airport Cooperative Research Program authorized the Transportation Research Board to undertake a continuing project. This project, ACRP Project 11-03, "Synthesis of Information Related to Airport Practices," searches out and synthesizes useful knowledge from all available sources and prepares concise, documented reports on specific topics. Reports from this endeavor constitute an ACRP report series, *Synthesis of Airport Practice*.

This synthesis series reports on current knowledge and practice, in a compact format, without the detailed directions usually found in handbooks or design manuals. Each report in the series provides a compendium of the best knowledge available on those measures found to be the most successful in resolving specific problems.

PREFACE

By Gail R. Staba
Senior Program Officer
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Concessions operators at airports need to fully comprehend the complex airport terminal operating environment in order to understand and forecast operating costs and to judge the potential for success and profitability. The objective of this synthesis is to compile practices of airports in communicating information and to improve the communication of cost data from airports to retail and food and beverage concessions operators regarding the total cost of doing business at airports.

Information used in this study was acquired through a review of the literature and interviews with a sample of 15 small, medium, and large-hub airports employing varying concession management structures.

Ken Buckner and Firelli Pitters, Unison Consulting, Inc., and Andrew Weddig collected and synthesized the information and wrote the report. The members of the topic panel are acknowledged on the preceding page. This synthesis is an immediately useful document that records the practices that were acceptable within the limitations of the knowledge available at the time of its preparation. As progress in research and practice continues, new knowledge will be added to that now at hand.

CONTENTS

Note: Photographs, figures, and tables in this report may have been converted from color to grayscale for printing. The electronic version of the report (posted on the web at www.trb.org) retains the color versions.

FOOD AND BEVERAGE AND RETAIL OPERATORS: THE COSTS OF DOING BUSINESS AT AIRPORTS

SUMMARY

Airport executives in all disciplines and departments are keenly aware of the inherent challenges that operating in the airport environment presents to airport staff, airlines, vendors, and other entities. Necessary security restrictions and difficult logistics add layers of process and often associated cost to what would be the most mundane of tasks or responsibilities in the general marketplace outside of airports.

In building out and operating a food and beverage or retail concession at an airport, concessions operators are typically exposed to, and must interface with, a myriad of non-aeronautical departments and systems; as well as potentially understanding and adhering to rules and regulations around Air Operations Area (AOA) access. The layers of complexity and associated costs of operating a restaurant or shop in an airport are factors that prospective concessionaires need fully to comprehend in order to judge the potential for success and profitability of business opportunities.

The airport operator typically does not have readily available information regarding the cost of doing business to provide to non-airline tenants, so that a prospective tenant can understand and forecast its operating costs at the airport. Thus, concessionaires—particularly new, small and/or inexperienced operators—can wind up with insufficient information to evaluate an airport business proposition. Consequently, these operators may incur unexpected costs that challenge their financial viability and affect the customer service the concession delivers to airport passengers.

The objective of this synthesis is to improve the communication of cost data from airports to retail and food and beverage concessions operators regarding the total cost of doing business at airports. Provided with more complete information, prospective concessionaires, particularly small business operators, will be better able to gauge the business opportunities being offered by airports, also resulting in better proposals for airports to consider that feature more accurate business plans and pro formas.

A sample of 15 small-, medium-, and large-hub airports employing varying concession management structures indicates a general uniformity in the categories of costs that airports communicate to prospective concessionaires, with significant nuance and detail based on the airport's unique operating standards and requirements. The most consistently cited costs based on the airport respondents, more than 90%, were as follows:

- Comprehensive general liability insurance
- Worker's compensation insurance
- Performance bonds
- Badging fees
- Fingerprinting application fees
- Employee parking.

While cost categories were consistent, it is important to note there is not a list of specific costs that concessionaires are required to pay to operate at all airports: Not all airports assess the same types of charges and costs.

Moreover, there is not one consistent method that airports employ to communicate operating costs, nor is there any specific document or documents dedicated to listing costs that concessionaires

are required to pay to operate at the airport. Based on the communication options presented in the survey question, all 15 airports surveyed reported that they communicate operating costs in the lease agreement: 12 during the request for proposals (RFP) process, six through airport rates and charges lists, four during tenant meetings, three using tenant handbooks, and two through RFP outreach/pre-proposal conferences.

A detailed literature review found that general marketplace literature sources and airport industry articles and resources failed to provide comprehensive details on either the types of costs that airport operators need to communicate to concessionaires or the detailed figures and ranges of costs. Airport business documents such as RFPs and lease agreements are the only sources of information that airport operators can use; however, the RFPs reviewed provided varied and incomplete sources of cost information, whereas lease agreements included more cost information with a greater amount of consistency across the leases reviewed.

Reviewing an airport's library of the documents mentioned previously, assessing how much concessionaire business cost information is contained within the documents available, reviewing how these documents are currently presented to concessions operators, and determining other potential avenues for distribution were determined to be key in developing an action plan for airport management staff to maximize the airport's communication efforts.

Airport websites were found to house varying amounts of these resources, with a few airports employing catch-all concession business resource pages permanently housing numerous examples of the aforementioned tools. These resource web pages are a convenient way to ensure that both airport staff and potential concessionaires have access to tools they can use to collect as much business cost information as possible.

Owing to their potential multi-faceted usage by both on-site operations staff and ownership, concession tenant handbooks provided the most promise as possible single sources of complete cost information for airport operators to distribute to potential concessions operators. As these documents are specifically created with the nuances of each airport already included, expanding these documents to include complete cost sections could be an efficient way to create a functional tool for concessionaires.

Airports interviewed in the preparation of this synthesis generally concurred that the lease agreement is the document most often used to deliver concessionaire costs upfront in an effort to set business expectations. The airports also supplied tenant design criteria manuals early in the process as well—although these documents rarely feature specific cost figures, they do communicate the airport's standards of quality in regard to materials and design which can provide operators with a range of costs to work with. The experienced concessionaires interviewed validated the findings from the airport case examples. They agreed that airports generally do a good job in communicating the costs of doing business at the airport to prospective operators. However, new or prospective concessionaires—without the benefit of actual airport experience—may not truly appreciate the level of costs at airports. This problem is magnified for inexperienced operators bidding on opportunities at airports that do not include sample lease agreements as part of the RFP documentation, rendering the contract negotiation period as the first exposure to the lease.

So as not to rely exclusively on the airport to provide the full picture of the cost of doing business, operators need to perform their own research to ensure that they have the most accurate and relative data possible to use in preparing proposals. Along with most airports' declaration in the RFP document that their own data should not be totally relied on, there are many variables created by elements both inside and outside of the airport or concessionaire's control that can impact the cost of doing business at airports that airport documents, resources and tools will not capture.

The dynamic nature of the airport business structure itself also creates new or higher costs for concessionaires unlike those from their street locations. For example, the solicitation process employed

TABLE 1
LIST OF AIRPORT SURVEY PARTICIPANTS

Airport	Airport Code	Hub Size	2015 Enplanements
Hollywood Burbank Airport	BUR	Small	1,973,897
Cleveland Hopkins International Airport	CLE	Medium	3,916,922
Dallas Love Field	DAL	Medium	7,040,950
Dane County Regional Airport	MSN	Small	826,640
Denver International Airport	DEN	Large	26,280,043
El Paso International Airport	ELP	Small	1,381,392
General Mitchell Milwaukee International Airport	MKE	Medium	3,229,897
George Bush Intercontinental Airport	IAH	Large	20,595,881
Indianapolis International Airport	IND	Medium	3,889,567
Jacksonville International Airport	JAX	Medium	2,716,473
Miami International Airport	MIA	Large	20,986,349
Raleigh–Durham International Airport	RDU	Medium	4,954,735
Reno Tahoe International Airport	RNO	Small	1,669,876
Tucson International Airport	TUS	Small	1,549,253
Washington Dulles International Airport	IAD	Large	10,363,974

Source: FAA Calendar Year 2015 Revenue Enplanements at Commercial Service Airports.

by airports for concessions spaces requires creative services costs and proposal guarantees that will be unknown to first-time bidders on airport concession spaces.

This synthesis included an online survey of airports of multiple sizes in various geographic markets; a literature review of general sources, airport journals and industry articles, and airport business documents; and phone interviews with survey participants and concessionaires. Fifteen (15) multiple-part questions covering five basic operating cost categories—employees, utilities, facility maintenance, local fees, and insurance—were included in the survey questionnaire; the participants are listed in Table 1.

An initial e-mail assessing interest in the study was sent to airports nationwide, which identified six airports with an interest in participating. After further recruitment efforts identified nine additional airports, the 15 airports listed earlier were sent the full online survey. All 15 completed the survey, representing a 100% response rate.

More than 70 sources were reviewed as part of the literature search and review. Six entities—three airports: (Jacksonville International, Raleigh–Durham International, and Cleveland Hopkins International) and three concessionaires [Midfield Concession Enterprises, Outstanding Hospitality Management (OHM) Concessions Group, and Whitman May Enterprises/Uptown Airport Group] were interviewed for the case examples presented in chapter four. As gaps in data and industry knowledge were exposed during the review phase in the development of this report, potential future research opportunities were identified and are detailed in chapter six: Conclusions and Suggestions for Further Research.

CHAPTER ONE

INTRODUCTION

Under any circumstances, assessing the viability of opening a retail establishment or restaurant is a daunting task. As stated in the article, "How Much Does it Cost to Start a Retail Business?" (Waters 2016), "Not only will a well-thought out business plan give you an idea of the viability of and funds needed for your business, it is also a requirement of lenders. You need to prove to the bank that your idea is a good one, that you have calculated all costs and risks, and that you are worth investing in."

In the article, "9 Unexpected Costs of Opening a Restaurant," Crone (2015) writes:

> There are many reasons restaurants fail, but about 80% of those that fail go under 'because they underestimate the capital it takes to start their operations,' says David Kincheloe, president of National Restaurant Consultants. Anahi Angelone owns Corner Social, a New York City restaurant, and is soon launching another eatery, Angel. 'This will be restaurant No. 5 that I'm part of opening, and there's absolutely always unexpected expenses,' Angeline says. 'Always expect to spend a lot more than you thought you would.'

The expectation of spending more than anticipated is magnified for prospective operators looking to enter the airport concession industry. *ACRP Report 126: A Guidebook for Increasing Diverse and Small Business Participation in Airport Business Opportunities* (Exstare Federal Services Group 2015), states that "Small business enterprises are significantly challenged by the high cost of doing business in the airport environment," pointing out that:

> The vast majority of airport concession and construction opportunities require concessionaires and contractors to obtain surety bonds and insurance. For example, one city currently requires food and beverage concessionaires to provide workers' compensation, employer's liability, commercial general liability, automobile liability, and property insurance at set minimum amounts. Performance bonds must also be obtained in an amount equal to 12 months of the MAG [minimum annual guaranteed rent], and before commencement of construction the concessionaires must also obtain a performance and payment bond in an amount equal to the cost of construction.

This is just one example of the inherent cost challenges that opening and operating a retail shop or restaurant in the airport presents. *ACRP Report 54: Resource Manual for Airport In-Terminal Concessions* (LeighFisher 2011), points out that "Building out concessions on an airport, whether retail or food and beverage, is typically more costly than constructing similar units in shopping centers. Security requirements and logistics make on-airport construction more costly."

Build-out costs and other major expenses, such as minimum annual guaranteed rent (MAG), percentage rent, and minimum refurbishment investment costs are typically the concessionaire's focus when evaluating the cost of a particular concessions opportunity. As these costs are almost universally communicated by airports to potential operators during the solicitation process, they are not the focus of this report. The unique character of the airport environment, resulting from the security requirements and logistics mentioned previously, creates a host of business challenges and accompanying expenses that are often unknown to operators without prior airport concessions experience, and not specifically communicated by airports. Examples include more expensive capital financing costs; higher labor costs, resulting from longer daily operating hours and unanticipated operating hours because of flight delays; higher delivery charges, resulting from airport processes and increased amounts of delivery trips because of small storage spaces and the high volume of business; extending utilities to construction spaces; demolition and base building responsibilities not clearly articulated in a request for proposal (RFP); and unanticipated recruiting/hiring costs resulting from employees not

meeting TSA requirements (or finding other jobs in the midst of the sometimes lengthy verification process).

A wealth of resources is available to prospective restaurateurs and retailers opening shops in the general marketplace, providing both general tips and advice tailored to particular market and type of business; as well as cost analysis surveys that provide specific cost figures by geographic area. These resources, often developed by executives or entities with vast industry experience, can alert prospective owner operators to unexpected costs that can produce tremendous strain on a fledgling retail or restaurant operation.

Prospective restaurant or retail operators assessing opportunities to bid on concessions locations at airports do not benefit from the same level of institutional knowledge or available information. Although the large and established airport concessions operators have the experience and scale to understand the landscape of airport business costs and/or quickly fill knowledge gaps, small operators looking to break into the industry need ready access to industry knowledge and resources to begin to develop strategies to compete and win concessions spaces.

As a result of this information gap, these smaller concessionaires can find themselves underprepared to evaluate an airport business proposition. Consequently, these operators may incur unexpected costs that reduce financial viability. The airport is the only viable source of information regarding its unique concession operating cost considerations. Although an airport may be able to provide historical concession construction costs, minimum build-out requirements, and concession rent requirements, these costs may not account for other airport-specific operating costs such as badging, parking, commissary charges, security surcharges, etc.

SYNTHESIS OBJECTIVE

The objective of this synthesis is to improve communication from airports to retail and food and beverage operators regarding the total cost of doing business at airports. The information contained within the report is designed to provide airport property and business managers, and any company operating or considering a retail or food and beverage concession at airports, with practical knowledge, ideas, and recommendations to augment the methods in which cost data are transferred. Armed with more extensive knowledge of the full costs of operating in the airport environment, prospective concessionaires, particularly small businesses, will be able to better gauge the business opportunity being offered by airports, and ultimately submit more accurate and enhanced proposals.

Owing to the specificity of the subject and lack of detailed information currently available, this particular synthesis is narrow in scope:

- To describe the types of costs (particularly airport-specific costs) contained in concession agreements;
- To outline costs that an airport provides to operators from the following categories, at minimum, such as:
  - Costs of doing business locally,
  - Other payments to airports excluding MAG and percentage rent under concession agreements,
  - Other airport published fees, and
  - Hidden/intangible costs (e.g., shared terminal janitorial expenses, airport specific/unusual employee-related costs: commuting costs, badging, training, etc.);
- To identify other categories and costs that should be provided by airports to operators;
- To provide case examples of effective communication of cost information to retail and food and beverage operators by airports;
- To report any identified gaps in information and further research possibilities; and
- To create appendices containing sample checklists, handbooks and other materials used to assist airports or tenants in structuring successful business relationships.

SYNTHESIS STUDY APPROACH

A four-step process was undertaken to address these objectives:

1. Airport executives from the ACRP topic panel for this synthesis study supplied information about how they communicate cost data to concessionaires in order to generate a baseline of data with which to create an online survey instrument and generate questions for case example interviews.
2. General media sources, airport industry journals and articles, including the TRID database, and airport-specific documentation were reviewed to compile the current information available on the topic.
3. An initial e-mail assessing interest in the study was sent to airports nationwide; six airports expressed an interest in participating. After additional recruitment efforts, 15 airports representing all sized hubs were sent the online survey questionnaire; all 15 completed the survey.
4. Phone interviews with three airports and three concessionaires were conducted to document specific details on their current practices, what they believe may be unexpected or under-communicated airport business costs, as well as their thoughts and suggestions on how the communication of costs from airports and concessionaires could be improved. The airport case example subjects, described in chapter four, volunteered to participate during the online survey process, whereas the participating concessionaires were recruited from the consultant's database of concession operators. Business development executives from each participating concessionaire were interviewed to provide a broader business analysis perspective, as they look holistically at the entire spectrum of cost analysis when pursuing a potential concessions opportunity.

REPORT STRUCTURE

This chapter has outlined the background of this report, the study methodology, and potential benefits. Chapter two details the survey process, identifying participating airports and concessionaires and reporting key findings. Chapter three summarizes a literature review of the three categories of documentation reviewed for this report. Chapter four includes the information and feedback from the case example interviews of the three airports and three concessionaires. Chapter five discusses some additional cost considerations for airport managers and concession operators. Chapter six contains a discussion of conclusions and subjects of potential further research.

Appendix A reproduces the survey questionnaire; the other appendices airport documents, resources, and tools:

Appendix B: Sample Airport Documents, Tools, and Resources Checklist
Appendix C: SFO Terminal 3 Retail Marketplace RFP Pre-Proposal Meeting Presentation (2016)
Appendix D: DFW FY 2017 Schedule of Charges
Appendix E: TPA Concessions Handbook
Appendix F: DEN Sample Concessions Agreement
Appendix G: Concessionaire Survey Questionnaire

CHAPTER TWO

SURVEY METHODOLOGY

The objective of this synthesis was to identify common operating costs of doing business among food and beverage and retail operators. A brief e-mail and a two-question survey were sent to all airports (more than 50) listed in the 2014 *Airport Revenue News* (ARN) *Fact Book* to gauge their willingness to complete the full survey. Six airports expressed interest and were sent the in-depth survey questionnaire. Nine additional airports of varying sizes and operating models were asked to participate in the survey to help ensure a more robust sample. A similar questionnaire was e-mailed to all the airport concessionaires listed in the *ARN Fact Book*. As is typical of on-line surveys, the response was low: Only two airport concessionaires responded; so an additional concessionaire was asked to participate to supplement the data.

DEVELOPING THE SURVEY QUESTIONNAIRE

A draft questionnaire was developed based on feedback from the ACRP topic panel and an initial review of RFP documents and lease agreements from our panel airports: Hollywood Burbank Airport (BUR), Houston Bush Intercontinental (IAH), and Raleigh–Durham International Airport (RDU). The questionnaire included 15 multiple-part questions regarding six basic operating cost categories: employees, utilities, facility maintenance, customer service, local fees, and insurance. Respondents were also asked to describe other fees not included in the aforementioned categories. The draft questionnaire was sent to the airport panelists and other airports for pre-testing, review, and refinement. The final survey questionnaire is reproduced in Appendix A.

AIRPORT PARTICIPANTS

Five small-hub, six medium-hub, and four large-hub airports responded to the survey (Figures 1 and 2). The 15 participants also represented a mix of concession management structures:

- Prime operator, where one or more large concessionaires operate the majority of concessions;
- Airport direct, where the airport leases individual or multiple units directly to various concessionaires;
- Developer managed, where the airport delegates the responsibility of designing, managing, and leasing concessions to the developer, who in turn typically takes a share of the airport's revenues; and
- A hybrid combination of any of the earlier noted concession management structures.

It is important to note that methods of communicating the costs of doing business at the airport may be different based on the concessions management structure. The lease agreement between the airport and concession operator—whether it be with a developer, prime concessionaire, or single space concessionaire—describes many of the operating costs and specifics the responsibility of who pays what. However, at airports with the developer model, it is the responsibility of the developer to communicate with tenants the operating costs for the said concessions. The developer issues a RFP and drafts a lease agreement. For airports with direct leases, the airport communicates operating costs through a variety of means, such as RFPs, pre-proposal presentations, lease agreements, tenant design standards (TDS), operating standards, and airport rates and charges.

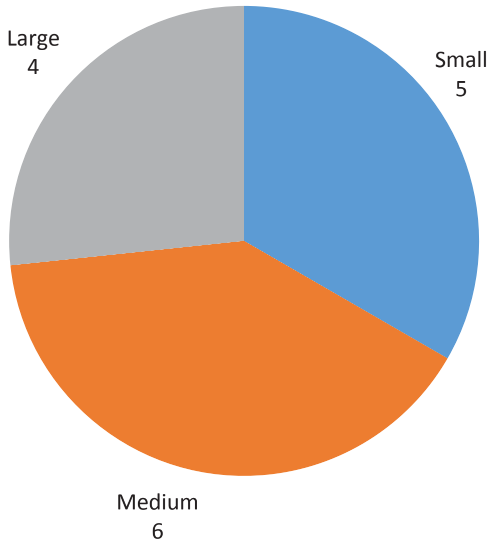

FIGURE 1 Airport survey participants by hub size. *Source*: Unison Consulting (2016).

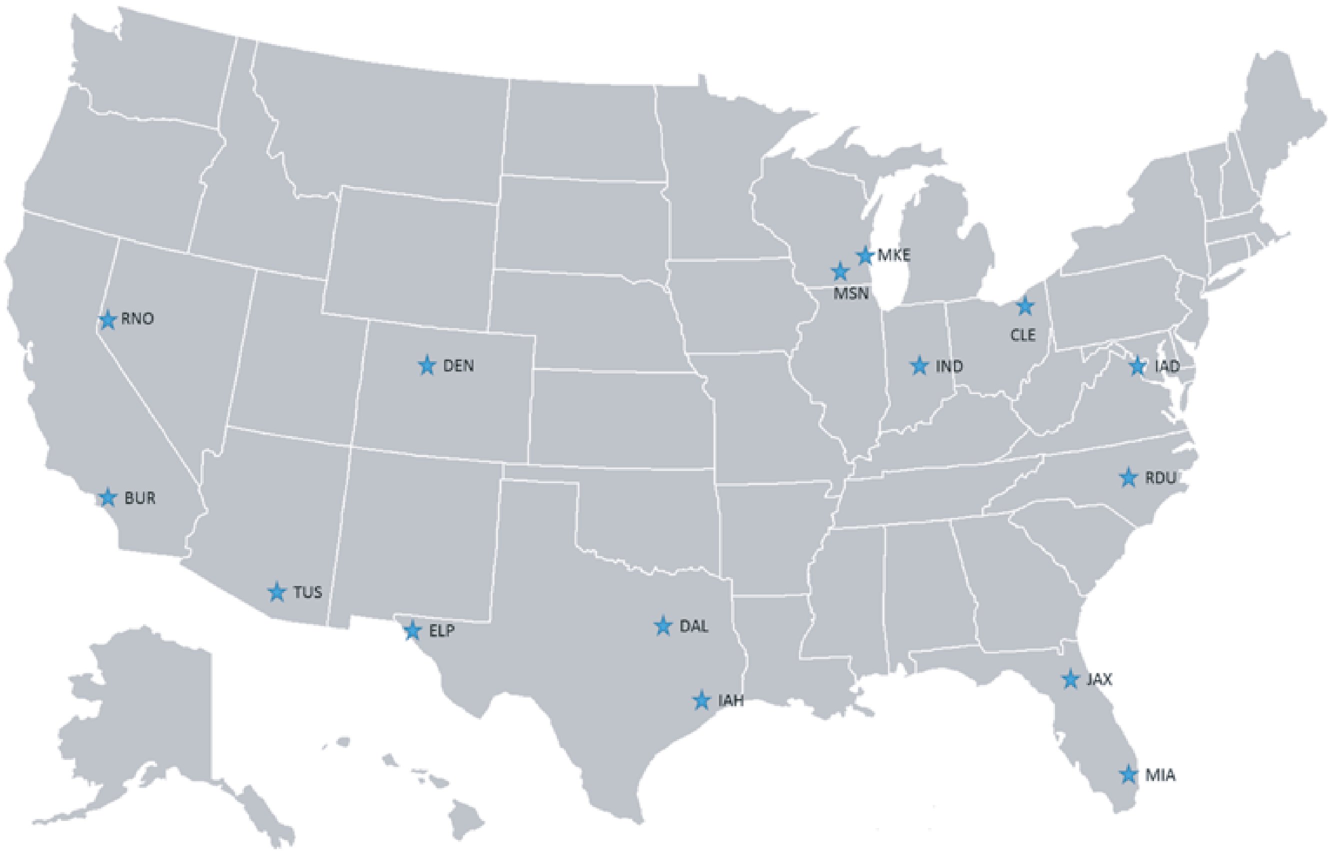

FIGURE 2 Geographical map of airport survey participants.

CONCESSIONAIRE PARTICIPANTS

To help confirm and supplement data provided by airport participants, the concessionaires listed in the 2015 *ARN Fact Book* were e-mailed a questionnaire (Appendix B). Responses were collected from Midfield Concessions Enterprises, Outstanding Hospitality Management Concessions Group, and Whitman May Enterprises/Uptown Airport Group.

SURVEY FINDINGS

The questionnaire asked participants to indicate the types of costs required to operate at the airport, either paid directly to the airport or to a third party.

Employee Costs

As one of the requirements to work at the airport, all employees must comply with TSA requirements. Employees must be fingerprinted and obtain proper airport identification (i.e., security badge) to maintain employment at the airport. Depending on the level of access that an employee is required to perform his/her job, additional classes and/or training may be needed to obtain the appropriate security clearance. For example, some employees may require access to drive on the airfield or access the docks to deliver or receive goods and merchandise. These employees generally must obtain additional security clearances compared with an employee who is working at a concession facility that is located pre-security.

Fourteen (14) of the 15 respondents indicated that concessionaires incur the costs to obtain an identification badge for their employees, including fingerprinting application costs and badge fees (Figure 3). Twelve (12) of the 14 airports charge a replacement badge fee, and seven airports charge an annual renewal fee; consequently, high employee turnover can have a great impact for airport concessionaires.

Further, there are ancillary hidden costs for concessionaires to ensure all employees have security badges. For example, at some airports, the lag time between submitting a fingerprint application and obtaining a badge can be several weeks. In the meantime, employees are not allowed to work on site, and in some cases may decide to accept another job rather than wait for the fingerprinting application to be processed. This results in even more turnover, and requires additional time and resources for the concessionaire to hire replacement staff.

Employee parking is another cost that is required for most concessionaires to do business at the airport. Airports have a designated parking site reserved for employees and most provide shuttles to and from employee parking; however, two of the 15 airports surveyed charge an additional fee to transport

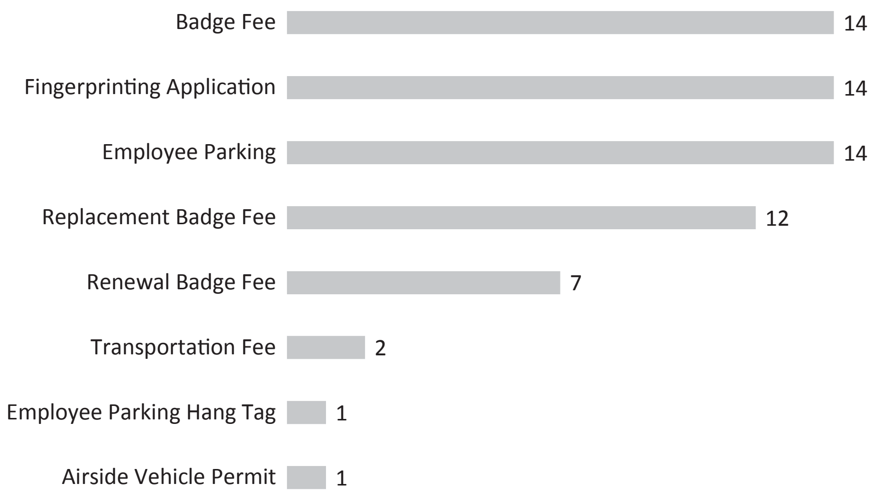

FIGURE 3 Employee costs paid by concessionaires. *Source*: Unison Consulting (2016).

employees from the parking site to the terminal building. One airport requires concessionaires to pay for employee parking hanging tags and airside vehicle permits.

Utility Costs

Utility costs are another item that are important for consideration in the overall financial model of an airport concessionaire. Airports have specific standards in terms of how utilities are connected, monitored, provided, and maintained. For example, one of the small-hub airports provides access to available utilities at or to the perimeter of the leased premises. However, the material, means, and methods of connection are at the concessionaire's expense and in accordance with the tenant design criteria manual. Eight of 10 utility costs listed in Figure 4 are paid by 12 of the 15 airports surveyed. The majority of airports (13 of 15) reported that electricity, grease removal for food and beverage concessions, and phone expenses are operating costs that are borne by the concessionaires.

Trash and waste removal must be in accordance with the airport standards, which may be conducted only during specific times of the day. Further, as airports take on green initiatives, mandatory recycling programs are increasingly becoming standard operating procedure. For example, one of the medium-hub airport's strategic goals includes becoming a zero-waste facility in the coming years. Concessionaires are responsible for transporting all garbage and trash to airport-designated refuse chutes, recycling bins, and compaction. Although the airport currently does not charge for garbage and trash removal, it reserves the right to do so in the future and to prorate the costs among all tenants.

Facility Maintenance Fees Paid by Concessionaires

Janitorial/daily cleaning, pest management, and routine and preventive maintenance are standard costs for operating any business on- or off-airport bounds, but may be higher at the airport. Some airports have more specific standards than others. For example, at one of the surveyed airports, the lease agreement requires concessionaires to set aside a percentage of annual revenues for light maintenance, painting, and annual clean-up. However, at another airport, the lease agreement states the concessionaire's responsibility is "to maintain the premises in good appearance, repair, and safe condition."

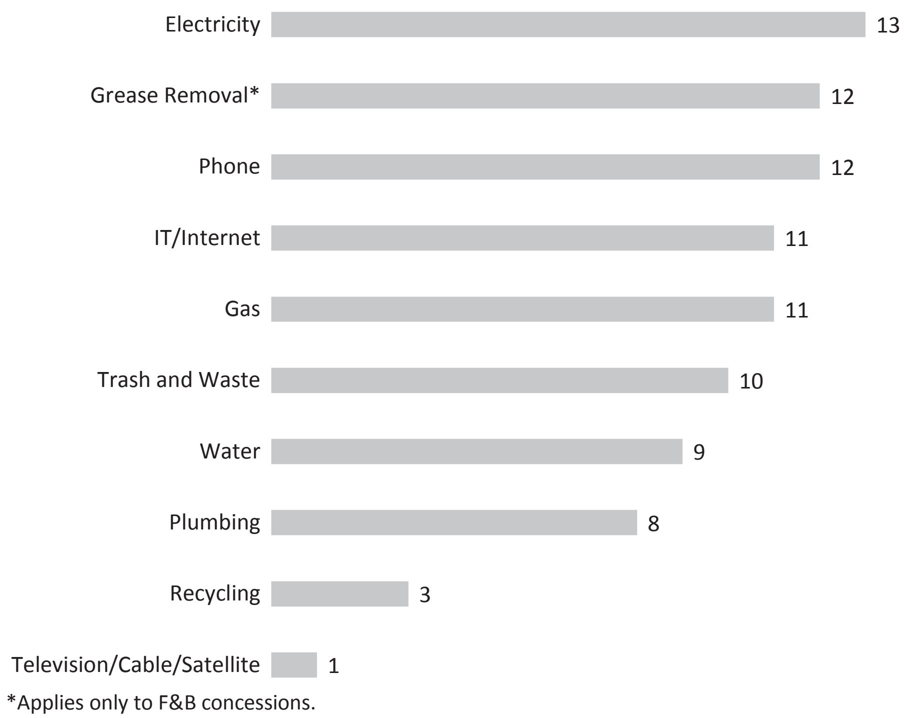

FIGURE 4 Utility costs paid by concessionaires. *Source*: Unison Consulting (2016).

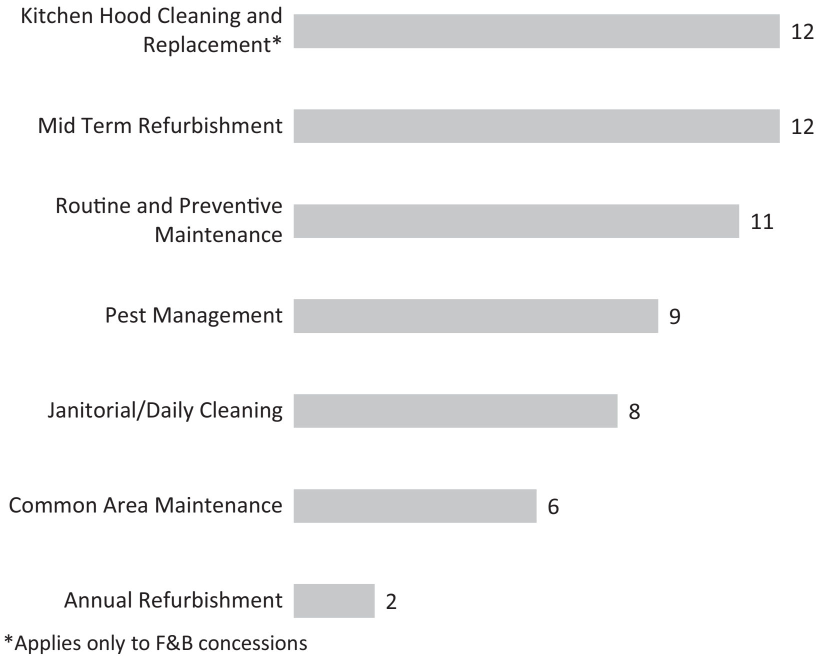

FIGURE 5 Facility maintenance fees paid by concessionaires. *Source*: Unison Consulting (2016).

Most of the airports, 12 of 15, require concessionaires to refurbish the facilities midway through the lease term (Figure 5). Generally, the airport sets a minimum mid-term refurbishment requirement on a per-square foot basis or as a percent of the initial capital investments. Shorter-term lease agreements may not require specific mid-term refurbishment costs, but leave refurbishment decisions at the discretion of the concessionaire or at the request of the airport director.

Some airports have refurbishment provisions that require concessionaires to set aside an amount annually for the continuous upkeep and maintenance of the facilities. Kitchen hood cleaning and replacement is a common requirement food and beverage concessionaires; pest management and janitorial/daily cleaning is not necessarily explicit in the lease agreements but is required to maintain facilities in a clean and quality condition. For concessionaires who share common areas, such as a food court, an airport may require all operators to pay a common area maintenance (CAM) fee for janitorial services. At two airports, operators have annual refurbishment requirements that are part of their lease agreement.

Customer Service Costs Paid by Concessionaires

To ensure the highest level of customer service some airports have specific standards in operation. Figure 6 provides information on customer service fees typically charged to concessionaires. The majority of the airports have stipulations in the lease agreement that require concessionaires to maintain performance standards or be assessed liquidated damages, violations fees, or penalties for non-compliance. As reported by airports, examples of lease violations include non-compliance to hours of operation; failure to maintain concessions in a clean and safe condition or to perform required repairs; non-compliance to the pricing policy, as well as delayed construction schedules; and late reports or payments. More than half the airports require concessionaires to pay a marketing fee, which is most commonly used for a joint marketing fund to advertise and promote concessions. In some instances, the marketing fee is used for the cost of conducting mystery shopping surveys, but in other cases the cost of conducing a mystery shopping survey is the responsibility of the concessionaire. Airports with more stringent pricing policies require concessionaires to submit pricing comparison surveys annually or bi-yearly. A couple of airports indicate concessionaires pay a separate cost for customer service training.

Concessions operators, whether large master concessionaires or single unit operators, likely have different types of internal customer service standards and practices that they employ, and the execu-

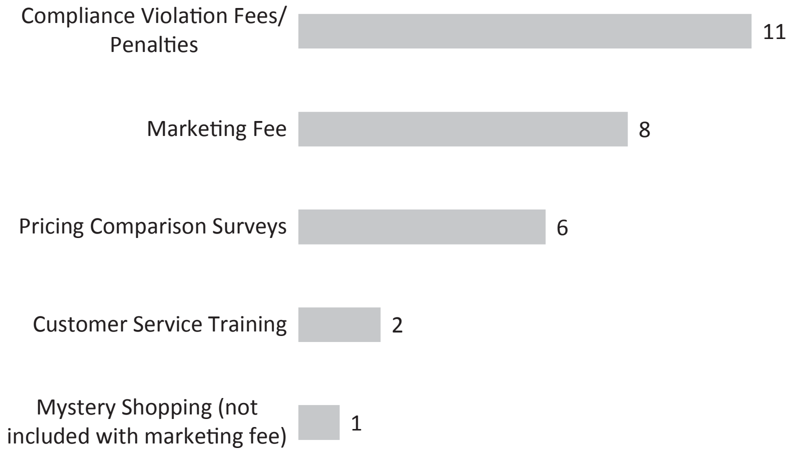

FIGURE 6 Customer service costs paid by concessionaires. *Source*: Unison Consulting (2016).

tion of these standards and practices could affect business costs for each entity. However, there was no data captured in the development of this synthesis report adequate to document the differences and potential effects on costs. In addition, airports would likely be unable to include these costs in the information they provide, as they are variable and internal concessionaire generated costs.

Location-Specific Costs Paid by Concessionaires

The costs illustrated in Figure 7 are not necessarily unique to operating at an airport but are specific to the local area. It is important to not these costs may differ based on geographic area and may be significantly higher at the airport than at off-airport locations. Concessionaires, whether operating at the airport or off-airport, are faced with local business taxes, permits, health inspections, and in some cities, living wage requirements. It is also important to note that airports may require additional permits related to security or construction, which add to the overall operating costs paid by airport concessionaires.

Other Costs Paid by Concessionaires

At most airports, concessionaires are required to provide a performance bond (Figure 8). The purpose of the bond is to help guarantee that the concessionaire will maintain and operate services according to the terms of the lease agreement. Performance bonds are generally based on the concessionaire's

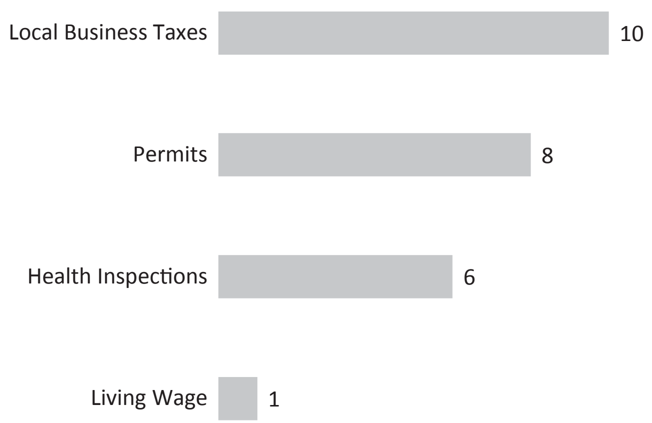

FIGURE 7 Unique location specific costs paid by concessionaires. *Source*: Unison Consulting (2016).

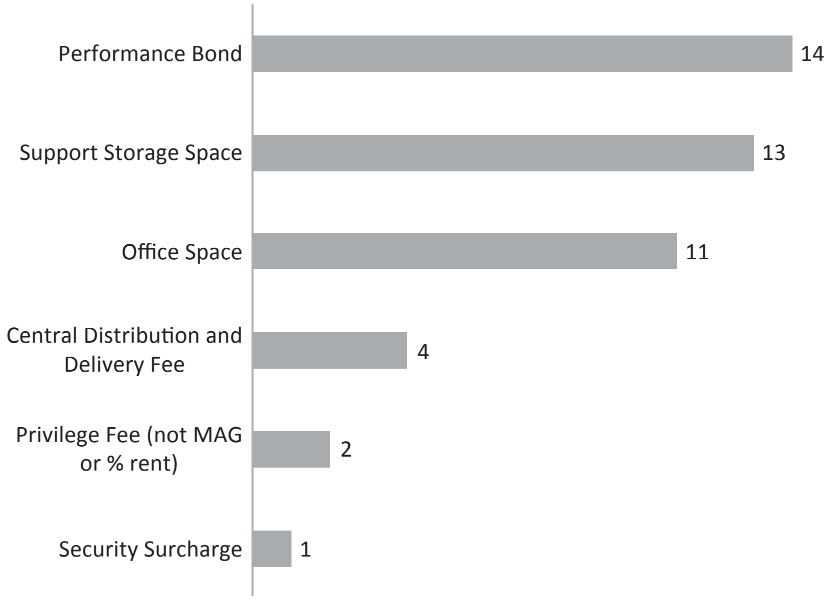

FIGURE 8 Other costs paid by concessionaires. *Source*: Unison Consulting (2016).

minimum annual guarantee. Additionally, most airports charge concessionaires for storage and/or office space. Airport concessionaires with a receiving dock are typically required to use, and pay for, central distribution services and deliveries. It is also important to access ancillary costs, such as those for coordinating and transporting goods to and from concession locations at certain times of the day and through security screening. In addition to requiring minimum annual guarantees or a percentage of gross sales, two airports require concessionaires to pay a privilege fee to operate on site. Only one airport reported that a security surcharge is required to help defray the cost of providing security.

Insurance Requirements

All airports require concessionaires to carry comprehensive general liability and worker's compensation insurance (Figure 9). The majority of airports also require comprehensive auto liability, liquor liability coverage, and builders' or contractors' insurance. Individual airports may require more specific coverage, such as environmental impact insurance or business interruption insurance.

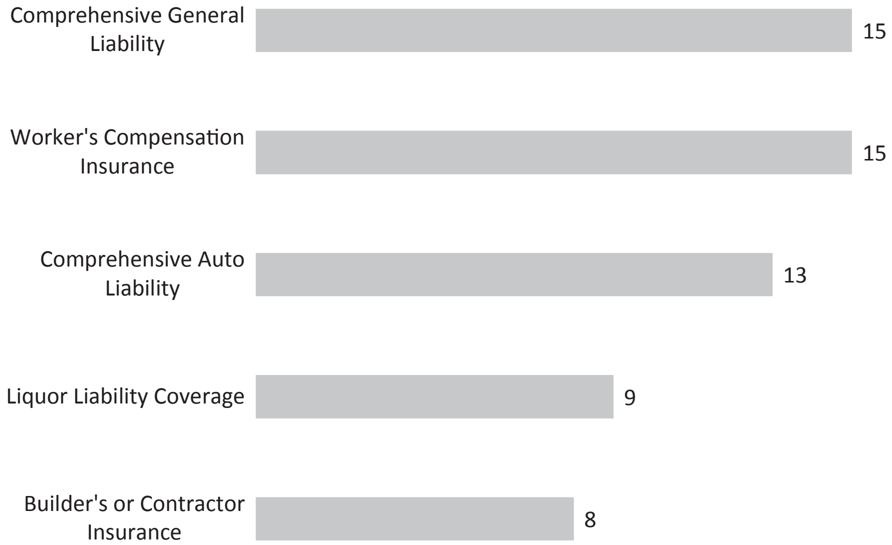

FIGURE 9 Insurance requirements. *Source*: Unison Consulting (2016).

Communicating Operating Costs

The costs involved in airport operations are generally detailed in concessionaire lease agreements. Often. TDS, pricing policies, and customer service standards are provided as exhibits in the lease agreements. During the RFP process, in the document as well as at pre-proposal conferences, airports try to provide concessionaires with as much information as possible regarding the costs required to operate at the airport. Some airports even have "Concession 101" workshops to help parties who are interested in entering the airport environment for the first time understand the challenges and intricacies of operating at the airport.

Airport-wide fees, such as badging, parking, and storage or office space are detailed in airport rates and charges, and in some instances in the RFP and lease agreements. Four out of 15 airports hold monthly tenant meetings to allow concessionaires a forum to ask questions or express concerns. Only a few airports have tenant handbooks (an example from Tampa International Airport is provided as Appendix E) that detail operating standards and some costs required for concession operations (Figure 10).

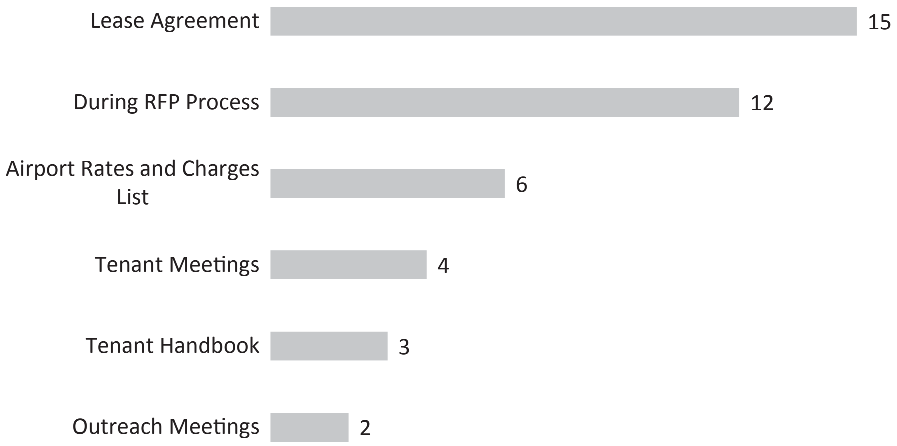

FIGURE 10 Communicating operating costs. *Source*: Unison Consulting (2016).

CHAPTER THREE

LITERATURE REVIEW

For this synthesis report, authors reviewed current literature and available airport documentation regarding the topic of operating costs at airports. The purpose was to illustrate how the various initial and ongoing costs of running a food and beverage or retail operation at airports are currently communicated within the various types of literature available; and to highlight examples of effective literature and use by airports.

The literature review used Internet search engines, including TRID; and documents provided by airport management teams; other applicable ACRP reports and their bibliographies; and resources suggested by the study topic panel in the final scope for this project.

This chapter identifies some of the current literature (both airport-specific studies and general articles) that references the topic of the costs of doing business for concessionaires at airports. A more detailed review of airport documents provides an overview of what costs are communicated in the various documentation that airports currently provide to potential concessionaires during the RFP solicitation process, as well as to actual concessionaires in the operational stage. This chapter also provides a compilation of the major airport concession costs listed in RFPs and in lease agreements, along with an analysis of which other types of airport documentation may be useful tools in communicating costs to concessionaires.

GENERAL LITERATURE RESOURCES FOR OPERATORS

There are countless books, articles, and resources to assist prospective retail and food and beverage operators in identifying startup costs and forecasting ongoing operating costs of doing businesses in the general marketplace. These resources provide retail and restaurant operators with tips to help them avoid common mistakes in cost planning. In some cases, this information is transferable to the airport environment. The blog post *10 Unexpected Costs New Restaurants Face* (Restaurant Engine.com 2016) included the following specific tips for operators that apply to the airport environment:

- Avoid remodeling overages
- Acquire insurance
- Address permit costs
- Plan for utility installment
- Add credit card processing fees to budgeted expenses
- Inspect previous reports including health inspections and maintenance reports

RestaurantOwner.com features a filterable survey of more than 700 restaurants of various sizes and categories in markets across the country, which deliver averages for statistics including startup costs, cost overruns, construction costs, etc. This type of online resource can assist prospective airport concession operators in understanding general market differences in construction costs, along with other demographics or statistics that can impact costs of goods and services that a prospective concessionaire should weigh in its general business planning.

AIRPORT INDUSTRY ARTICLES AND RESOURCES

When evaluating potential operators for their concessions program, airport managers assume prospective concessionaires' qualifications include some level of knowledge concerning operating costs; the vast majority of RFPs require applicants to demonstrate a minimum level of experience

to bid on concessions packages. In its 2016 *Request for Proposals to Operate and Manage Airport Dining and Retail Locations: Package Food Large 1,* Seattle–Tacoma International Airport (SEA) included the following minimum qualifications, which generally conform to the industry standard:

> To be considered qualified, a proposer must have three (3) years of prior experience in the development, management, and operation of restaurants and/or retail at airports, other transportation facilities, shopping centers, or in business districts within the immediately prior five (5) years. Such prior experience should be with operations comparable in size and scope to that being proposed in terms of square footage and sales volume. Proposers must demonstrate the financial ability to sustain operations for the entire term of the Agreement.

Based on this type of minimum qualifications, essentially any airport concessionaire will have extensive knowledge of general startup and operating costs.

However, it is the specific nuances of operating in the airport environment, and the resulting increased or additional costs that accompany it, that prospective concessionaires may not account for in their business planning; and unfortunately, the resources mentioned in the previous section do not include any specific information about operating costs in airports. Therefore, it is incumbent upon the airport industry and airport operators to provide concessionaires with specific startup and operating cost details that may drive operating costs higher.

ACRP Report 33: Guidebook for Developing and Managing Airport Contracts

Few industry articles or resources discuss how cost information is to be communicated to concessionaires or what these additional and/or unexpected airport-specific costs are. In 2011, ACRP released *ACRP Report 33: Guidebook for Developing and Managing Airport Contracts* (Vanden Oever et al. 2011). outlining:

> [B]est practices for developing, soliciting, and managing airport agreements and contracts for use by a variety of airports. This report responds to the need for a single resource for examples of current airport best practices in preparing and administering agreements. The agreements referenced in this guidebook range from airline-related agreements to communication and utility service as well as common-use, ground transportation, and concessions agreements.

The guidebook contains numerous references to cost information that concession leases should contain. Although the primary audience for this reference guide is airport administrators, prospective concessionaires can use it as a tool to familiarize themselves with some of the specific nuances of airport agreements.

Chapter 2 of this guidebook specifically addresses concessions agreements, with sub-sections devoted to financial terms (2.1), service and operational terms (2.2), food and beverage concessions (2.3), and specialty retail/news and gift concessions (2.4). Sub-sections feature examples of cost responsibilities that should be addressed in concessions agreements; for example, Section 2.2.7, which concerns materials handling, discusses responsibility for services such as trash removal and product delivery: "It should be specified whether the concessionaire or the airport is responsible for arranging for these services and which party will pay for them."

Chapter 8, which addresses bid proposals, contains guidelines and best practice for airport administrators in the development of solicitation documents and execution of the solicitation process. Subsection 8.1.7 addresses the importance of outlining utility responsibilities, maintenance costs, and shared communication services costs in the RFP:

> Solicitation documents should, to the extent possible, detail all operational issues and requirements that are of importance to the airport. For example, when considering terminal concessions, the following operational issues typically are important to the airport and can affect the potential respondent's evaluation of the opportunity.
>
> - Responsibilities for the payment and installation of utilities and the method for allocation of utility costs (if spaces will be metered individually or utility costs allocated according to the utility loads of a tenant's equipment, or one that allocates according to sales levels).
> - In addition to utilities, a sponsor should be very clear in describing the communication systems to be provided.
> - The sponsor should also clearly describe the responsibilities for maintenance. In particular, the responsibilities for janitorial services in tenant spaces and common area spaces should be clearly delineated (Vanden Oever et al. 2011).

As is the case with other literature referenced throughout the chapter, the primary focus of the guide, despite its helpful general information, limits its use in informing airport managers about what broader costs to communicate to concessionaires (and the best methods of doing so).

ACRP Report 47: Guidebook for Developing and Leasing Airport Property

ACRP Report 47 (Crider et al. 2011) is a resource guide designed to "provide documented research for airport management and other relevant stakeholders to use in formulating airport leasing and development policies" (p. 5). The report provides detailed information about the formulation of leases and focuses on general terminology and clauses that airport property leases should include. The guidebook includes some amount of information specific to allocation of cost responsibility between lessor and lessee; for example, Section 2.2.8 states that:

> The responsibility of general operation costs, with items such as utilities, janitorial, and landscaping costs, may also be assigned within the operation and maintenance element of the lease agreement. These may also be addressed in an individual subsection of the lease agreement, depending upon the complexity of the arrangement . . . Typically, for stand-alone leaseholds, the lessee will assume all utility and operational costs (Crider et al. 2011).

Once again, however, information relating to costs that airports would communicate to prospective or current concessionaires is limited to general references, rather than providing a comprehensive source of information on this study's focus topic.

ACRP Report 54: Resource Manual for Airport In-Terminal Concessions

ACRP Report 54: Resource Manual for Airport In-Terminal Concessions (LeighFisher 2011) is a comprehensive volume developed to "provide airport concession managers and other stakeholders, such as airport senior management, board members, concessionaires, and airlines, with an easy-to-use reference for understanding, planning, evaluating, managing, and developing airport in-terminal concession programs" (p. 2). Encompassing all aspects of developing and managing concession programs, *ACRP Report 54* touches on numerous cost-related elements throughout the manual.

As the report was published in 2011, some cost data contained within it is likely outdated. Still, this report is the only airport industry resource guide that provides airport managers and concessionaires with any specific cost figures, so it remains a useful approach to collecting point data. Examples include:

- Chapter 11, Section 5.4 (Costs of Centralized Logistics) cites specific cost tabulations for logistics charges in table form as well as in narrative form: "While each airport is unique in terms of volume, layout, and costs, Minneapolis–St. Paul International Airport provides a good indicator of costs. Food and beverage concessionaires are charged 0.50% of sales, and retail tenants are charged 0.33% of sales (specific figures may be out of date)."
- Chapter 12 (Capital Investment) provides significant detail regarding calculating buildout costs, appropriate initial capital investment, and mid-term refurbishment investment amounts. Section 12.1 (Cost of Building on the Airport) states:

  > For airports of all sizes, the cost of building out a full-service restaurant at an airport averaged $421 per square foot, with quick-serve units averaging slightly less, at $408 per square foot. Building out convenience retail and specialty retail units averaged $307 and $320 per square foot, respectively (specific figures may be out of date) (LeighFisher 2011).

  Section 12.3 (Midterm Investment) states:

  > The range of requirements reported by airport operators was $50 to $300 per square foot. Some agreements incorporate a cost of living escalator in the calculation. . . . Requirements are typically 15% to 20% of the initial capital investment (specific figures may be out of date).

  Chapter 12 also includes figures showing average build-out costs by concession category and by hub size.

ACRP Report 54 also includes various references to general cost considerations for airport managers and concessionaires. Chapter 9 provides general information and guidance about responsibility of various costs, several of which would be considered specialized airport costs. Section 9.3.4 (Additional Fees and Charges) lists several additional fees and charges, including storage and delivery fees, employee parking fees, security badging fees, and marketing fund contributions.
- Chapter 10 (Procurement) describes the general practice of airports asking prospective concessionaires to furnish proposal bonds:

> The proposal bond, guarantee, or surety is an amount of money, or a promise to pay money from a third party, that is forfeited if the proposer fails to execute the concession agreement. The proposal bond should be set in an amount that would compensate the airport operator for its costs resulting from delay in the award of the agreement (LeighFisher 2011).

Although *ACRP Report 54* is an extremely useful document, it is not a comprehensive guide for detailing all potential business costs that could be incurred by concessionaires and should be communicated by airport operators. In addition, as the concessions industry and the associated cost markets around it have evolved, and continue to change, the age of this report diminishes its usefulness. At a minimum, an update to *ACRP Report 54* would provide airport management and concessionaires with current data. A more robust approach would be to commission a study that produces a parallel report to *ACRP Report 54,* creating a resource manual written primarily for use by, and from the perspective of, concessions operators (or prospective operators).

AIRPORT DOCUMENTS, RESOURCES, AND TOOLS

General literature sources and airport industry articles and resources failed to provide details on either the types of costs that airport operators need to communicate to concessionaires or figures and ranges of costs. The next phase of the literature review focused on airport-supplied and Internet-acquired documentation that is typically (or in some cases uniquely) provided by airports to concession operators.

The objectives of this phase of the review were to determine which airport documentation provides concessionaires with the most information regarding costs that will be incurred; to determine which cost types are communicated more frequently in RFP documents rather than lease agreements; to determine the extent to which details regarding costs figures are communicated; and to uncover any gaps in regard to costs not readily communicated in airport documentation.

Review Process

Sixty-six (66) airport documents were reviewed for this synthesis:

- RFP documents (14)
- RFP addenda (6)
- Concession lease agreements (15)
- Concessionaire outreach meeting presentations (13)
- Airport concessions management documents (as listed here) (18):
  - Concession tenant handbooks
  - Concession tenant operational manuals
  - Concessions tenant design criteria manuals
  - Concession tenant meeting presentations
  - Airport rates and charges lists
  - Airport policy manuals.

The airport documents and resources were acquired by several different methods. Representatives from airports that are either part of the ACRP Synthesis panel that commissioned this study, and/or participated in the online survey, supplied several RFPs, lease examples, and management documents for review. Internet searches led to other RFPs, airport management documents, and resources

TABLE 2
SAMPLE OF PUBLICLY AVAILABLE RFP DOCUMENTS WITH SIGNIFICANT COST REFERENCES

Document	Date Published	URL	Notes
Request For Proposals—SFO Terminal 3 Pop Up Retail Program	Sept. 1, 2016	http://mission.sfgov.org/OCA_BID_ATTACHMENTS/FA46410.pdf	Offered two 12-month term pop-up retail opportunities
Food & Beverage, News, Duty Free & Specialty Retail Concessions Program at Boston Logan International Airport	July 18, 2016	http://www.massport.com/business-with-massport/goods-and-services/rfps/detail/request/?id=351&attidx=3	Solicitation for Concessions Program Developer/Manager/Operator.
DEN Common Use Lounge—RFP No. 201629296	July 15, 2016	http://business.flydenver.com/bizpdf/diapd_3942.pdf	Operator manages a passenger common use lounge and a DEN-controlled lounge for airport guestss
Retail Concessions at Phoenix Sky Harbor International Airport Terminal 4	July 1, 2015	https://www.phoenix.gov/financesite/SolicitationAttachments/T4%20Retail%20RCS%20Packet%2007.01.15.pdf	Offered 15 separate retail concessions packages in two phases. Included

that are publicly available from airport websites. In addition, previously released RFP documents and other airport management documents in the possession of the consultants were reviewed.

Table 2 lists some of the publicly available RFP documents reviewed that provided significant cost references for prospective concession operators.

RFP/Lease Agreement Comparison

Using the categories and list of costs developed in the survey instrument as a baseline, each RFP and lease was reviewed to determine whether or not each specific cost from the survey was addressed in the document. They were not all associated with airports participating in the survey; other airport RFPs and leases were reviewed as well. Thus, costs and fees found in the RFPs and lease agreements that were not part of the original set of costs/fees listed in the survey instrument were tabulated and included in the comparison. Tabulation tables were created to track the frequency with which each cost was addressed (Tables 3–10). Not only do these tables show the degree to which the reviewed RFPs and lease agreements can serve as useful tools in the cost communication process, but they can also provide both airport managers and concessionaires with a checklist of cost considerations that were mentioned or defined in some capacity in these industry documents.

For the purposes of this synthesis, the RFP review tabulation focused on the main section of the document (typically featuring solicitation instructions and general information about the airport and concessions opportunity), and did not include exhibits or attachments. Documents including lease agreements, tenant handbooks, and tenant policy manuals that are often included as exhibits or attachments to RFPs warranted their own review.

TABLE 3
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—PRIMARY COSTS

Primary Costs	Total Mentions in RFPs $n = 14$	Total Mentions in Lease Agreements $n = 15$	Overall Total Mentions $n = 29$
Minimum Annual Guarantee Rent	14	15	29
Percentage Rent	14	15	29
Minimum Capital Investment	12	15	27

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 4
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—EMPLOYEE RELATED COSTS

Employee Costs	Total Mentions in RFPs n = 14	Total Mentions in Lease Agreements n = 15	Overall Total Mentions n = 29
Employee Parking	1	8	9
Transportation Fee	2	0	2
Fingerprinting Application	3	3	6
Badge Fee	4	4	8
Replacement Badge Fee	0	3	3
Renewal Badge Fee	0	1	1
Health Care Accountability Ordinance	0	2	2

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 5
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—UTILITY COSTS

Utility Costs	Total Mentions in RFPs n = 14	Total Mentions in Lease Agreements n = 15	Overall Total Mentions n = 29
Electricity	6	13	19
Gas	6	13	19
Water	6	13	19
Trash and Waste	5	8	13
Plumbing	1	0	1
Grease Removal	3	3	6
Recycling	1	2	3
IT/Internet	3	3	6
Phone	1	6	7
Grease Interceptor Capital Recovery	0	1	1
Grease Interceptor Pumping Label	0	1	1

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 6
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—FACILITY MAINTENANCE COSTS

Facility Maintenance	Total Mentions in RFPs n = 14	Total Mentions in Lease Agreements n = 15	Overall Total Mentions n = 29
Janitorial/Daily Cleaning	6	6	12
Common Area Maintenance	3	5	8
Pest Management	3	5	8
Exhaust Cleaning and Vent Screen Replacement	1	2	3
Annual Refurbishment	2	3	5
Mid-Term Refurbishment	8	7	15
Routine and Preventive Maintenance	5	11	16
Tenant Improvement Reimbursement Fee	1	0	1
Food Court Infrastructure Fee	0	1	1

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 7
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—CUSTOMER SERVICE COSTS

Customer Service Costs	**Total Mentions in RFPs**	**Total Mentions in Lease Agreements**	**Overall Total Mentions**
	n = 14	n = 15	n = 29
Marketing Fee	6	4	10
Pricing Comparison Surveys	2	4	6
Customer Service Training	1	0	1
Compliance Violation Fees/Penalties	3	14	17

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 8
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—REGULATORY COSTS

Regulatory Costs	**Total Mentions in RFPs**	**Total Mentions in Lease Agreements**	**Overall Total Mentions**
	n = 14	n = 15	n = 29
Living Wage ($ above minimum wage)	3	4	7
Health Inspections	3	2	5
Local Business Taxes	5	9	14
Permits	3	7	10

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 9
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—INSURANCE REQUIREMENTS

Insurance Requirements	**Total Mentions in RFPs**	**Total Mentions in Lease Agreements**	**Overall Total Mentions**
	n = 14	n = 15	n = 29
Worker's Compensation Insurance	5	12	17
Comprehensive General Liability	5	14	19
Comprehensive Auto Liability	5	13	18
Builder's or Contractor Insurance	2	4	6
Liquor Liability Coverage	2	1	3
Commercial Crime Insurance	2	1	3
Business Interruption	1	5	6
Employer's Liability	2	2	4
Property	2	4	6
Completed Operations Liability	0	1	1
Umbrella Excess Liability	0	1	1
Fire/Hazard Liability	0	1	1

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

TABLE 10
TABULATION OF COSTS MENTIONED IN RFPS AND LEASE AGREEMENTS—OTHER COSTS AND FEES

	Total Mentions in RFPs	**Total Mentions in Lease Agreements**	**Overall Total Mentions**
	n = 14	*n* = 15	*n* = 29
Other costs/fees:			
Central Distribution and Delivery Fee	3	5	8
Privilege Fee (not MAG or % rent)	2	1	3
Office Space	1	2	3
Support/ Storage Space	5	3	8
Performance Bond	6	10	16
Security Surcharge	0	2	2
Bottled water	1	0	1
Late payment surcharge fees	0	6	6
Proposal Deposit	4	0	4
Vehicle Permit Fee	1	0	1
Additional Rent and Charges	0	1	1
Removal of Improvements	0	1	1
Fees levied by Security Agencies	0	1	1
Space Acquisition Charge (potential)	0	1	1
Space Infrastructure Charge (potential)	0	1	1
POS System Costs (if airport mandates certain system)	0	1	1
Annual POS System Audit	0	1	1
Airport Retail Architect Consultant Fee	0	1	1
Premium Value Concession Program	0	1	1
Environmental Remediation Costs	0	1	1

Source: Unison Consulting (2016). Cost terminology varied based on the particular airport's nomenclature; results were aggregated based on cost definition.

RFPs proved to be extremely varied in regard to the types of business cost information documented within them. Of the 14 RFPs reviewed, the highest frequency with which any potential concessionaire cost was listed was eight (mid-term refurbishment). Six other business costs were documented six times (electric, gas, and water utilities charges; marketing fund contributions, janitorial/daily cleaning services, and performance bonds). The remainder of concessionaire costs, either originally discovered during the survey or documented during the review phase (44 additional costs, for a total of 51 costs recorded), were found no more than five times.

Originally surveyed costs that were documented only two times or fewer in the RFPs reviewed included employee parking, badge replacement and renewal fees, plumbing, recycling, telephone service, annual refurbishment, customer service training, privilege fees, and office space, among others.

The RFPs reviewed contained no significant amount of cost information overall. One RFP from Tampa International Airport (TPA), *Food & Beverage Concessions RFP 2014,* referenced 31 of the 51 total costs tracked through the survey instrument or recorded during the review phase: The next highest amount of costs documented in an RFP was 16 [*Request for Proposals: Food & Beverage, News, Duty Free & Specialty Retail Concessions Program at Boston-Logan International Airport* (*BOS*) 2016]. Seven of the 14 RFPs reviewed had fewer than 10 costs documented.

Lease Agreements

Lease agreements proved to be much more reliable as sources of cost information for concessionaires. As outlined above, previous ACRP reports showed that significant attention has been given to

the development of airport contracts, which may explain the greater consistency and amount of cost information contained within them.

Of the 15 lease agreements reviewed for this synthesis, the highest frequency with which any particular business cost was listed was 14 (general liability insurance requirements and compliance violation fees). Four other business costs were documented 13 times (utilities and vehicle liability insurance requirements). Worker's compensation insurance was documented 12 times. Of the remaining 57 costs, either originally surveyed or documented in lease agreements during the review phase (for a total of 64 costs), five were found in more than half of the lease agreements reviewed (employee parking, trash and waste disposal, local business taxes, routine and preventative maintenance, and performance bonds).

Survey responses to lease agreement costs were not unlike those to questions concerning RFPs; listed two times or fewer were employee parking, badge replacement and renewal, plumbing, recycling, health inspections, and hood cleaning and screen replacement, among others.

The quantity of costs documented in lease agreements proved to be fairly consistent. The highest amount of originally surveyed or documented costs found in a lease agreement was 28 (RDU's Terminal 2 Concourse D Food & Beverage Concession Lease, April 2016). Five of the 15 leases had 20 or more of the originally surveyed costs and/or costs found during the review process documented within them, and only two of the leases had fewer than 14 costs documented.

Cost Details in RFPs and Leases

Responsibility for costs to be assumed by the concessionaire, as opposed to general costs to be assumed by the airport, is typically assigned in RFPs and lease agreements. However, the review of the 29 documents determined that such documents communicate few specific details regarding concessionaire cost figures or cost ranges.

The most consistently cited specific figures or cost ranges delineated in agreements (outside of MAG and percentage rent) were insurance coverage requirements. These agreements also frequently provided refurbishment cost details (annual or mid-term), either in cost per square foot or minimum dollar amounts. When marketing fund contributions were documented, it was common practice to list the specific contribution amount, usually 0.5% of gross sales.

It is important to note that in many cases, sample lease agreements are included in the overall RFP package in the form of exhibits, or are provided by the airport as RFP addenda. It appears that it has become common practice among airport management teams to include sample lease agreements with the RFP because they provide more detail to prospective concessionaires in regard to expectations and procedures. However, whether packaged together or as stand-alone documents, neither RFPs nor lease agreements serve to communicate all actual and potential cost responsibilities to prospective concessionaires.

RFP Outreach/Pre-Proposal Presentations

As a standard part of the RFP solicitation process, the presentations given by airport management teams at concessionaire outreach meetings and/or pre-proposal conferences are typically available online along with the actual RFP document and addendums, and thus an information source that prospective concessionaires can readily access. It is important to note that full transcripts of the meetings are typically not available, so the review of these presentations was limited to the slide copies contained within the presentations. Nonetheless, it was possible to form some general observations about the types of business costs communicated by means of these presentations.

Twelve of 13 outreach/pre-proposal presentations reviewed contained at least one reference to business costs; however, only one presentation went into any significant level of detail regarding

costs that prospective concessionaires might be unaware of as a result of their specificity to the airport environment, San Francisco International Airport's (SFO) *Terminal 3 Retail Marketplace RFP Pre-Proposal Meeting Presentation* (2016). The presentation included the following cost information for prospective concessions operators:

- Proposal bond amount ($375K)
- Minimum investment costs ($450/sq. ft or approximately $2.3 million for the offered space)
- Security deposit (subject to annual increase based on CPI)
- Insurance requirements
- I.D. badging ($75 per badge; $70 for fingerprinting)
- Employee parking ($225 per quarter)
- Promotional fees ($1 per square foot or approximately $5,200)
- Utilities
- Local taxes
- Commuter benefits program
- Minimum compensation ordinance ($13/h)
- Healthcare Accountability Ordinance (San Francisco International Airport 2016).

Figure 11 shows a slide from the SFO presentation in which the airport provides some insight into the commuter benefits program. Although specific costs are not relayed on the slide, the content illustrates that there will be cost ramifications to the incoming tenant because of this airport-specific program.

While the general objective and layout of pre-proposal/outreach presentations was quite consistent, content relating to costs shared varied greatly, and outside of SFO's presentation, provided little detail. RDU's *Terminal 2 Retail Concessions RFP Pre-Proposal Presentation* (2016) cited specific minimum investment and mid-term refurbishment rates for each concessions package offered (specific investment amounts did appear in several of the presentations). Otherwise, the presentations included general references to higher build-out fees and costs, utility fees, marketing and CAM fees, with a few specific mentions of proposal bonds and guarantee amounts (including SEA's *Concession Informational Meeting* (2016), where a $50,000 proposal guarantee was listed).

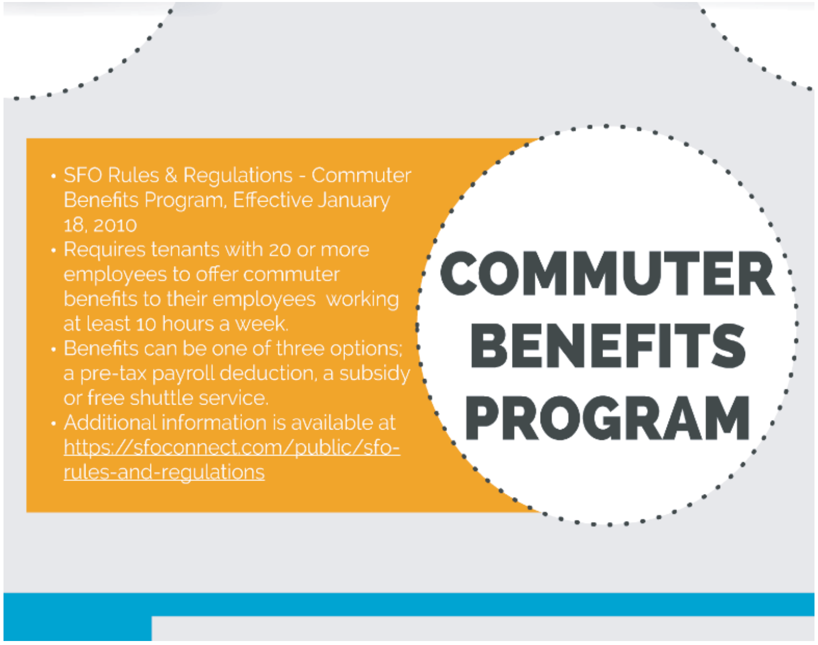

FIGURE 11 SFO Commuter Benefits Program. *Source*: SFO *Terminal 3 Retail Marketplace RFP Pre-Proposal Meeting Presentation* (2016).

Although these pre-proposal presentations are publicly available, and are theoretically one of the most efficient ways to convey the unique costs of doing business at airports to prospective concessionaires, they are typically created by airports as vehicles to encourage participation in the solicitation process by local operators [often small business entities or defined by 49 CFR Part 23 as Airport Concessions Disadvantaged Business Enterprises (ACDBEs)]. Anecdotally, it appears this goal of promoting small business participation may deter airport operators from communicating the complete cost picture so as to not discourage local operators from submitting proposals. However, if airports provide as much access as possible to the documents, resources, and tools discussed in further detail here (in addition to conference presentations), prospective concessionaires will be able to gather a more complete estimate of costs picture devoid of emphasis (or de-emphasis) of particular aspects of the business opportunity.

Rates and Charges Lists

Two airports submitted rates and charges lists for review as part of this synthesis: Dallas/Fort Worth International (DFW) and RDU. DFW's *Fiscal Year 2016 Schedule of Charges* (2015) includes specific sections regarding utilities and maintenance services, parking charges, and concessionaire charges, providing prospective concessionaires with specific figures and rates with which to assess business costs. Assuming an airport has this type of document available, but not publicly accessible from the airport's website, it is recommended that it be provided to prospective concessionaires during the RFP solicitation process. However, rates and charges lists are typically created by airports for use by airlines, and contain few costs specifically relating to the concessions business. Updating these lists to list include as many operating fees applicable to non-airline tenants as possible would make them more useful tools in communicating costs to concessions operators.

Tenant Design Guidelines/Criteria Manuals

Design guidelines/criteria manuals from three airports (BOS, TPA, and DAL) were reviewed to assess the level of concessionaire cost information contained within them. As a general rule, these manuals provide concession operators with a wealth of tools to navigate the airport's design and construction process, typically detailing materials that can or cannot be used, approved finishes, guidance regarding style and design aesthetics, and the airport's "sense of place."

TPA's *Concessions Design Criteria Manual* (June 2015) is one of the most recently updated manuals located in the literature search effort. The manual consists of seven sections covering subjects including building conditions, design criteria, responsibilities and procedures, and design review/submittals. The manual provides readers with guidance on approved materials, finishes and fixtures, sizing, permitting processes, lighting, life safety requirements, and more; however, there is no information on specific costs associated with any of these subjects. The most useful characteristic of Tampa's design criteria manual is that it is easily accessed from the airport's concessions department webpage, making it readily available to prospective concessionaires; again, however, as the manual is not intended to provide complete cost information, its practical use in accurately determining cost figures is ultimately limited.

Tenant Handbooks and Operating Manuals

Tenant handbooks and operating manuals from four airports—DAL, RDU, SEA, and TPA—were reviewed. These documents were the most robust source of cost-related information outside of lease agreements. Although their primary purpose is to provide on-site general managers with information needed to conduct day-to-day operations of concession facilities, they often contain general concessions obligations and commitments (many of which may be found in a lease agreement) that would be useful to concession owners/finance managers.

DAL's *Terminal Tenant Handbook* (2016) is an excellent example of how a handbook primarily provides on-site managers with the information needed for successfully conducting business while

also providing relevant cost information for prospective owner-operators to consider. DAL's handbook contains an entire section devoted to contract compliance and responsibilities, which includes references to cost responsibility for janitorial services, general maintenance and repair, recycling, grease trap receptor maintenance, security badges, insurance, keys, refurbishment, etc. Additional concessionaire cost obligations are interspersed throughout other sections of the handbook, which address airport operations, ground transportation, facilities maintenance, general tenant information, and environmental services, among others. This mix of ongoing, contractual cost obligations and potential day-to-day costs and fees is the ideal collection of cost information that prospective concessionaires could utilize in developing more complete assessments of airport operating costs.

Contractual requirements also imply infringement penalties. Figure 12 shows an example from TPA's *Concessionaire Handbook* (April 2016) where the cost breakdown of various performance infractions is outlined.

Airports with handbooks of this nature could make them available to prospective concessionaires either as exhibits or as addenda to RFPs, if not consistently available to prospective operators through a concessions business resource web page or portal.

Table 11 provides several examples of airport resources found online as part of the literature search for this synthesis report.

Concessions Business Resource Pages on Airport Websites

As general and industry-specific literature on concessions appears limited, both airport managers and prospective concessionaires could benefit from having the sorts of resources mentioned in this chapter permanently available from airport websites with specific concessions business resource pages: Table 12 lists several examples of airports with such pages.

The vast majority of the airport websites searched for this report have sections/pages regarding the availability of business opportunities at the airport, as well as the process involved in applying for them. Many of these airports employ a holistic approach to communicating opportunities, which is effective in relaying the full breadth of all potential airport business information; but most lie outside the narrow focus of this synthesis. The Massachusetts Port Authority website offers an excellent example of this approach, in the section titled "Doing Business with Massport"

5. **Performance Standard Fines**
   The table below outlines the fines that may be assessed for failure to meet performance standards. The table includes the infraction and the fee schedule.

Performance Standard Fines

Infraction	Fee Schedule
1. Operational Deficiencies 2. Pricing Policy Infraction 3. Late Pricing Survey 4. Late Reporting 5. Other Non-Critical Infractions	$100 per day
1. Security Infractions 2. Critical Health Code Violations 3. Other Critical Infraction	$500 per occurrence

FIGURE 12 Example of communication of fines in Tenant Handbook. *Source*: *TPA Concessionaire Handbook* (April 2016).

TABLE 11
EXAMPLES OF AIRPORT DOCUMENTS, RESOURCES, AND TOOLS

Airport / Document	Date Published	URL	Notes
Dallas Fort/Worth International Airport: FY 2016 Schedule of Charges	Oct. 1, 2015	https://www.dfwairport.com/cs/groups/webcontent/documents/webasset/p2_400346.pdf	Specific section on concessionaire charges
Denver International Airport: Standard Concession Agreement	Oct. 26, 2015	http://business.flydenver.com/bizops/documents/sampleDENconcessionAgreement_Food_Beverage.pdf	Provides baseline concessions agreement details
Houston Airports System: Concessions Industry Day	July 17, 2014	http://system.gocampaign.com/netisd_org/images/imagelibrary/620/74/6616/530379-Industry%20Day%20-%20July%2017%202014.pdf	Outreach presentation soliciting prospective concessionaires
Hartsfield–Jackson Atlanta International Airport: Concessions Compliance Standards Manual	Oct. 17, 2016	http://www.atl.com/wp-content/uploads/2016/10/Concessions-Compliance-Standards-Rev-10-17-16.pdf	Comprehensive concessions operating resource manual
Raleigh–Durham International Airport: Pre-Proposal Conference Terminal 2 Retail Concessions RFP	n/a	http://www.rdu.com/wp-content/uploads/2014/11/T2-Retail-Concession-Pre-Proposal-Conf-Presentation.pdf	Informative presentation including cost figures for prospective operators
San Francisco International Airport: Concession Design Guidelines	2012	http://media.flysfo.com.s3.amazonaws.com/default/download/about/ reports/pdf/concessions-tenant-guidelines.pdf	Comprehensive design specifications included; no specific cost figures
Seattle–Tacoma International Airport: Operating a Concession Business at Seattle Tacoma International Airport	n/a	http://lease.seatacshops.com/assets/Operating-a-Concession-Business-at-Sea-Tac-Airport.pdf	Concession Tenant Handbook with cost information relative to on-site team and corporate staff
Tampa International Airport: Concessions Handbook	July 14, 2016	http://www.tampaairport.com/sites/default/master/files/Concessions%20Handbook%20Version%204%20FINAL_0.pdf	Concession Tenant Handbook with cost information relative to on-site team and corporate staff

(http://www.massport.com/business-with-massport). Although the section does have a sub-page dedicated to concessions opportunities (http://www.massport.com/business-with-massport/opportunities-at-massport/concession-opportunities), that page ultimately provides a link to the authority's full list of current airport RFPs. Delving into a current RFP opportunity then links potential concessionaires to RFP exhibits, addenda, and appendices with some of the types of airport documents and resources discussed in this chapter.

The website of Denver International Airport (DEN) is one of many featuring a concessions-specific section with information on present and upcoming concessions solicitations. However, its concessions business page includes a link to a sub-page featuring resource materials for proposers (http://business.flydenver.com/bizops/proprfp.asp), which continually posts general information for prospective concessionaires including policy manuals, master plan updates, airport security information, and airport rules and regulations, among other documents. Tampa (http://www.tampaairport.com/concessions) is another airport that features an easily accessible permanent listing of airport resource documents on its concessions program page.

TABLE 12
AIRPORT WEBSITES WITH CONCESSIONS BUSINESS RESOURCE PAGES/SECTIONS

Airport	Website URL	Notes
Denver International Airport	http://business.flydenver.com/bizops/proprfp.asp	Comprehensive resource page providing access to numerous resource docs
Raleigh–Durham International Airport	https://www.rdu.com/concessions/	Concessions Redevelopment Microsite
San Francisco International Airport	http://www.flysfo.com/business-at-sfo/doing-business-sfo	Organized as an Frequently Asked Questions page with links to documents and resources
Seattle–Tacoma International Airport	http://lease.seatacshops.com/forms/	Sub-page of dedicated concessions leasing website featuring documents and links
Tampa International Airport	http://www.tampaairport.com/concessions	Permanent Concessions Department webpage with numerous links to PDF files

RDU is among several airports whose website has extensive information on concessions redevelopment (https://www.rdu.com/concessions). The section includes a link to a sub-page (https://www.rdu.com/concessions/resources) of resource documents, including outreach presentations, schedules of fees, and design standards.

Airport managers have varying amounts of the types of documents, resources, and tools referenced in this literature review, with different degrees of business cost information and specificity. Similar to the required proposal submittal checklists often found in RFPs, a checklist of airport documentation available to potential concessionaires posted on the business resources page is an easy method of assisting potential operators. (An example of such a checklist can be found in Appendix B.)

If any of these documents contain sensitive airport operating information that would make housing it on an open platform a security risk, a sanitized version for public posting could be created. Alternatively, the full version could be housed on a password-protected section of the website that current and prospective operators could receive permission to access. Although this would add a layer of complexity to what would otherwise be a seamless process, having the information housed in a single, dedicated area would be helpful for both airport managers and concessionaires.

CHAPTER FOUR

CASE EXAMPLES

Three airports, Cleveland International (CLE), Jacksonville International (JAX), and Raleigh–Durham International (RDU); and three concessionaires, Midfield Concession Enterprises, OHM Concessions Group, and Whitman May Enterprises/Uptown Airport Group, volunteered to serve as case examples for this synthesis.

The case examples provide a general overview of the airport or company; the airport's concessions program or the company's offerings; the solicitation process used by the airports; and other general information and comments, including how airports communicate the cost of doing business at the airport.

AIRPORT CASE EXAMPLES

The three airports profiled volunteered to provide information about their concession operation and insight with operating costs. The information was compiled through telephone interviewers, reviews of solicitation documents, and from airport websites, industry publications, and public data.

CLEVELAND HOPKINS INTERNATIONAL AIRPORT

CLE is a medium-hub airport owned and operated by the city of Cleveland. It is the largest airport in the state of Ohio; its approximately 4 million enplaned passengers (in 2015) makes it #46 in the country, according to FAA. CLE offers non-stop flights to 35 markets.

Concession Offerings

In 2008, the city of Cleveland awarded a contract with AIRMALL USA to develop and manage airport concessions at CLE. As the developer, AIRMALL USA is responsible for the design, construction, lease, and management of the concessions program to satisfy city goals of providing quality branded and innovative food and beverage and retail concepts. The program comprises 60,000 square feet of concession space and includes 51 distinct retail and food and beverage units, from international retailers to a wide array of high-quality dining establishments.

Estimated Concession Sales

In 2015, CLE had total concession sales of $40.2 million, as shown on Table 13. Food and beverage gross concessions sales were $21.8 million, representing more than half of total concession sales. Specialty retail and news and gifts generated equal sales of $18.4 million in 2015. Sales per enplanement increased steadily from $9.02 in 2013 to $10.05 in 2015.

Operators

As the developer, AIRMALL USA does not operate any of the concession facilities but sublets all locations to concessionaires. Concession operators include large prime operators, who operate a

TABLE 13
GROSS CONCESSION SALES BY CATEGORY, CLEVELAND HOPKINS INTERNATIONAL AIRPORT

	2015	2014	2013
Enplanements (in millions)	4.0	3.9	4.5
Concession sales (in millions)			
Food and beverage	$21.8	$19.7	$22.2
Specialty retail	$8.2	$8.9	$9.2
News and gifts	$10.2	$8.9	$9.2
Total	$ 40.2	$37.5	$40.6
Sales per enplanement			
Food and beverage	$5.45	$5.05	$4.93
Specialty retail	$2.05	$2.28	$2.04
News and gifts	$2.25	$2.28	$2.04
Total	$10.05	$9.62	$9.02

Source: ARN Fact Book—2016, 2015, 2014.

number of facilities, as well as smaller concessionaires who operate one or a few units. A list of operators is provided in Table 14.

Solicitation Information

Two publicly available documents airport were reviewed for this synthesis: the 2007 *Request for Proposals for a Concessions Developer* and the attached TDS. The following discussion highlights some key concessionaire operating costs.

Request for Proposals

In 2007, the city issued an RFP for concessions development for the design, construction, lease, and management of approximately 60,000 square feet of concession space. The goal in the development of a concessions program is to provide airport users with quality, branded, and/or innovative food and beverage concepts, using exciting and creative marketing strategies. The Successful Respondent

TABLE 14
CONCESSION OPERATORS, CLEVELAND HOPKINS INTERNATIONAL AIRPORT

Food and Beverage Concessions	Retail Concessions
Food Operators:	**Retail Operators:**
AVI Food Systems	Cardtronics
Bhavani Donuts	Fresh Brewed Tees
Cleveland Partners LLC	Fuel Rod
Epoch 5 Enterprises	Genesco Inc
Inca Tea	Hudson Group
LeCm LLC	InMotion Entertainment
MBC Concessions	Monarch
Midfield Concessions Enterprises	Natalie's
PremAir Hospitality Group	Smarte Carte
Subway Real Estate Corp	Sterling Jeweler's Inc
United Concessions Group	The Swatch Group
Vino Volo	Travelex
Winner's	Zoom Systems
YSJ Inc	24 Hour Flowers

Source: ARN Fact Book (2016).

is expected to sublet the concession space to local, ACDBE, and national operators, and is not permitted to operate any of the concession facilities.

The RFP is specific about the expectations and requirements of the successful applicant. Included in the RFP is a copy of the TDS, which is further discussed here. After the RFP was released, interested parties are provided 6 weeks prior to the pre-proposal conference (PPC) to review the RFP. The PPC provides an open forum for interested parties to ask questions, hear more about the concession opportunity, and tour the facilities. Further, interested parties are provided five additional weeks after the PPC to submit questions, a total of 11 weeks to review the RFP and submit questions.

The highlights of the RFP, summarized here, concern the airport's expectations about basic operating cost categories: employee, utilities, facility maintenance, customer service, unique local specific fees, and insurance. The RFP can be found in the link: http://www.aci-na.org/sites/default/files/cle_developer_rfp_2007.pdf.

Employee Costs Information regarding employee costs is not described in the RFP. It is important to note the minimum qualifications for this opportunity require applicants to have seven or more years of continuous airport experience, and so should be familiar with basic employee costs.

Utilities Per the RFP, the successful applicant shall, at its own expense, extend or install, and maintain and pay for all necessary sewer, water, and such other utility lines and services, including all permits and installation charges. All new and refurbished concession spaces shall be separately metered for electricity and water, if applicable.

Facility Maintenance Two types of facility fees are described in the RFP:

- Facility maintenance fee. The successful respondent shall pay a facility maintenance fee of $0.02 per transaction for each food and beverage and retail merchandise transaction.
- Capital investment. A minimum initial or mid-term capital investment is not stated in the RFP. The RFP states that respondents will develop a plan of improvements that create a first-class concession. The city expects that respondents identify a plan of annual maintenance and upkeep that will maintain the improvements.

Customer Service Costs In the CLE RFP, two costs were described:

- Marketing plan and promotions: The [applicant] will be required to develop and implement a market and promotion plan and it is envisioned that this plan will be funded through subtenants on a percentage of gross sales.
- Charges to the public: Prices to the public are not to exceed 105% of "street" prices.

Unique Local Specific Fees The RFP does not include any local fees that are unique to the area.

Insurance At its own expense, the successful respondent shall maintain the following insurance coverage.

- Business automotive liability insurance
- Commercial general liability insurance
- Worker's compensation and employer's liability insurance
- Statutory unemployment insurance.

Other Fees In addition to these fees, the successful applicant is also responsible for the following:

- Subtenant plan. The subtenant plan outlines the key terms of the agreement between the successful applicant and subtenants including length of lease, capital investment of subtenant, and merchandise and operating plans.
- Implementation, construction management, and transition plan. The applicant is to describe how the concessions program would be implemented and constructed, including a schedule of

specific tasks that are needed to ensure each unit is successfully built and opened on time in accordance with the transition and phasing plan submitted.
- Financial offer. The respondent shall pay the city a minimum annual guarantee or a percentage of gross concession revenue, whichever is greater. Further, the respondent shall sponsor various ACDBE events in [an] amount not less than $3,000 annually. Lastly, the respondent shall develop a low-interest loan fund of not less than $750,000 to support ACDBE build-outs.
- Surety bond/letter of credit. The successful applicant shall furnish to the city a surety bond or an irrevocable letter of credit in an amount equal to 1 year's minimum annual guarantee.

The Department of Port Control for the City of Cleveland developed the Tenant Design Standards Manual to assist tenants in creating concession facilities that use building materials and design elements that are complementary to the overall design of the airport.

The concession opportunity includes a combination of new facilities and the redesign of existing facilities. The concession spaces will require either a complete build-out or some degree of renovation to refurbish the location. Thus, the concessionaire will be required to invest capital to plan, design, and build out, at its sole cost, the designated facilities per the TDS, which was provided as an exhibit in the RFP.

At a minimum, the design standards address plumbing and electrical connections within the leasehold such as surfaces, signage, furnishings, equipment, accessories, casework, storefront, security devices, lighting, and fixtures. The TDS indicate that any of the tenants' operating requirements shall be their sole responsibility and cost/expense, such as:

- General lighting standards and fixtures
- Mechanical and electrical
- Heating, ventilation, and air conditioning (HVAC)
- Water and sanitary sewer systems
- Water heater
- Pressure reducing valves
- Backflow prevention devices
- Plumbing fixtures
- Telephone service
- Fire extinguishing system modifications
- Natural gas.

Other Information and General Comments

The developer model is unique in that in the case of CLE, AIRMALL USA, agrees to assume costs of designing, building, managing, and leasing concessions. However, all of the concession spaces are sublet to concessionaires who pay all or a portion of these operating fees. AIRMALL USA is in essence an extension of the airport staff that oversees the concessions program and is responsible for all concession operations, including communicating all necessary information to the concessionaires to ensure smooth and successful operations. As at other airports, AIRMALL USA is delegated most of the decision-making authority, but in most cases the airport management retains final approval on the concessions plan, selection of new tenants, and lease agreements.

AIRMALL USA regularly conducts surveys to monitor the performance of subtenants and ensure passenger satisfaction. They also incentivize performance through rewards for outstanding employees and units. AIRMALL USA provides tenants with operational, sales, marketing, and merchandising support through programs such as PACT (Professional Assistance for Core Tenants), a subtenant marketing/promotional assistance initiative designed to help individual retailers operate more efficiently and market themselves more effectively.

Although the responsibility of managing concessions is the primary responsibility of AIRMALL USA, the City continues to stay involved in overseeing the program to ensure quality and customer

satisfaction. The success of CLE's concessions program is attributed to constant and regular communication among all parties—airport management, AIRMALL USA, and the concessionaires.

JACKSONVILLE INTERNATIONAL AIRPORT

JAX is a medium-hub airport owned and operated by Jacksonville Aviation Authority ("the Authority"), an independent government agency that manages the upkeep, improvement, and expansion of the airport facilities. JAX serves the city of Jacksonville, northeast Florida, and southeast Georgia. In 2015, JAX enplaned nearly 2.8 million passengers, making it 55th in terms of passenger trips according by FAA; and offers non-stop regular and/or seasonal flights to 35 destinations.

Jacksonville International Airport:

Management Structure	Program Highlights	Method of Communication
Authority leases all concession space to prime and individual operators	Square feet: 41,000 # of locations: 27 # of operators: 7	RFP Lease Agreement Tenant Design Standards

Concession Offerings

The concession footprint at JAX covers more than 41,000 square feet of space that house more than a dozen in-terminal concessions ranging from snacks to full-service dining. JAX also offers nearly as many retail outlets running the gamut from newspapers to fine quality gifts. The concession management structure is a hybrid model in which the majority of concession space is operated by two prime operators, HMSHost and Paradies Lagardère. The remaining facilities are leased directly to smaller operators.

Estimated Concession Sales

In 2015, the concessions program at JAX generated gross sales of $30.1 million (Table 15). More than half is attributed to food and beverage concessions. Food and beverage concessions generated sales of $18.3 million, representing a steady increase in volume. With approximately 2.8 million enplanements in 2015, sales per enplanement were $6.61 for food and beverage concessions. Gross sales for retail concessions increased from 2013 to 2014, then declined slightly in 2015. Retail sales per enplanement were $4.29 in 2015.

TABLE 15
GROSS CONCESSION SALES BY CATEGORY, JACKSONVILLE INTERNATIONAL AIRPORT

	2015	2014	2013
Enplanements (in millions)	2.8	2.4	2.6
Gross sales (in millions)			
Food and beverage	$18.3	$16.8	$15.6
Specialty retail	$5.1	$5.1	$4.8
News and gifts	$6.8	$6.5	$6.3
Total	$30.1	$28.4	$26.7
Sales per enplanement			
Food and beverage	$6.61	$6.42	$6.07
Specialty retail	$1.84	$1.94	$1.88
News and gifts	$2.45	$2.48	$2.46
Total	$10.91	$10.84	$10.40

Source: JAX Airport Authority.

TABLE 16
CONCESSION OPERATORS, JACKSONVILLE INTERNATIONAL AIRPORT

Food and Beverage Concessions	Retail Concessions
Food Operators:	**Retail Operators:**
HMS Host, Taste Inc.	Ann Hill LMT
Taste, Inc.	Comfort Zone Spa
	Project Horizon
	The Paradies Shops
	Zoom Systems

Source: Jacksonville Aviation Authority.

Operators

HMSHost is the prime food and beverage concessionaire at JAX; Taste Inc. operates one location called Vino Volo. Paradies is the prime retail concessionaire. Four smaller retail concessionaires—Comfort Zone Spa (which also operates "Made in JAX"), InMotion Entertainment, Rain or Shine (doing business as "Insight"), and Zoom Systems—operate the remaining concession facilities. Table 16 provides a list of concession operators.

Solicitation Information

Two documents were provided by the Jacksonville Aviation Authority for review in this synthesis: *2013 Request for Proposals for a Single Specialty Food & Beverage Concession on Concourse C* and the corresponding lease agreement. Following is a summary of the airport's operating expectations and the cost of doing business as part of this agreement.

Request for Proposals

The latest RFP solicitation, in 2013, was for an operator to manage and operate a single specialty food and beverage concession on Concourse C at JAX. The objective was to solicit concepts to enhance the food options currently provided at the airport. Included in the RFP is a copy of the lease concession agreement. Interested parties were given 4 weeks prior to the pre-proposal conference to review the RFP. The PPC provided an open forum for interested parties to ask questions, hear more about the concession opportunity, and tour the facilities. Interested parties were provided four additional weeks after the PPC to submit questions—a total of 8 weeks to assess the concession opportunity. The RFP can be accessed from the JAX website by using the following link: http://www.flyjax.com/MoreInfo2015.aspx?id=233.

The highlights of the RFP provide a summary of the airport's expectations about operating at the airport. The concession operating costs are grouped into the following categories: employee, utilities, facility maintenance, customer service, unique local specific fees, and insurance.

Employee Costs The RFP informs applicants that all employees/subcontractors/contractors must obtain a security badge, at the sole expense of the applicant Further, according to the RFP, any fines incurred by the authority for violation of any FAA regulations by applicant employees will be charged to the applicant.

Utilities The costs of utilities are described in the lease agreement but not explicitly discussed in the RFP.

Facility Maintenance Requirements to maintain the facilities are described in two categories:

- Equipment and supplies: The respondent will furnish all equipment and supplies necessary to perform the services of the contract.

- Deliveries: All items brought into the terminal or moved into security zones must be cleared through the applicable security controls checkpoints.

Customer Service Costs Operating costs related to customer service are described in two areas:

- Infractions or violations of employees. The applicant is liable for any expense incurred as a consequence of any traffic infraction or parking violation attributable to its employees.
- Performance standards. Performance standards shall be in accordance to the terms and conditions upon execution of the contract and as outlined in the agreement.

Unique Local Specific Fees The RFP states all permits and licenses shall be in accordance with the terms in the lease agreement.

Other Fees/Operating Costs Although the following requirements do not have tangible fees/costs, the time and effort to provide the information has some intangible costs:

- Requirements upon award. The selected respondent will furnish the security deposit, certificates of insurance, copies of licenses, permits, and other items required within several days after contract award.
- Monthly ACDBE/DBE Report. The selected respondent will be required to complete and submit a monthly summary to the ACDBE/DBE Office of actual participation, listing total payments to the Selected Respondent during the month and the total amounts of participation using the forms provided by the Authority.

Insurance The RFP does not list specific insurance requirements but directs respondents to the lease agreement for terms and conditions.

Lease Agreement

In the document attached as an exhibit in the RFP, additional operating costs and fees are listed, as follows:

Employee Costs Two employee costs are described in the lease agreement: parking and identification badges.

- Employee parking facilities. The Authority retains the right to impose a reasonable charge for concessionaire employees to use parking facilities.
- Employee identification badges. Concessionaire is responsible for the charges to comply with the badging requirements.

Utilities According to the lease agreement, the concessionaire is responsible for all utilities within the assigned area, and where practicable shall maintain separate utility meters. In other instances, the concessionaire will be required to pay a pro-rated fee based upon estimated usage.

Facility Maintenance Four areas related to facility maintenance are described in the lease agreement:

- Minimum maintenance costs. During each contract year, the concessionaire is directed to set aside a percentage of its annual gross revenues to be used for light maintenance, painting, and annual cleanup.
- Janitorial and cleaning services. Concessionaire shall provide at its expense janitorial, toilet, and cleaning services and supplies required in operation and maintenance of its concession.
- Concessionaire's responsibilities. Concessionaire shall maintain and make necessary repairs to the interior of its concession and the furniture, fixtures, and equipment.
- Construction requirements. All leasehold improvements, alterations, and additions made by concessionaire shall be high quality and meet applicable federal, state, and local laws, regulations, authority's leasehold development standards, rules, and requirements.

Customer Service Costs Two areas fall within the category of customer service costs:

- Employee discounts. Concessionaire shall provide a discount for badged employees.
- Pricing policy. Concession prices shall be no more than 1% higher than comparable outlets not located at airports, attractions, entertainment parks, or resorts. Every 6 months, the concessionaire shall provide a written price comparison, comparing prices of a specified percentage of items offered for sale, to a sample of approved comparable locations.

Unique Local Specific Fees As with the RFP, the lease agreement states the concessionaire shall bear any and all taxes assessed, permits, licenses, or other authorizations required for the operation of the concession.

Other Fees/Operating Costs In addition to the fees described earlier, the lease agreement provides information to other fees and costs related to the operation of concessions.

- Security fees. To help defray the cost of providing security, the concessionaire shall pay the Authority a security fee, which is a percentage of month gross revenues. The Authority may adjust security fees from time to time, which may include, but shall not be limited to, adjustments of the security fees, method of collection, or basis for calculation.
- Security for payment. To secure the performance of all obligations of the contract, the concessionaire shall post a non-interest bearing security deposit with the authority equal to a portion of the minimum annual guarantee.
- Additional rent and charges. If the Authority is required or elects to pay any sum or incur any obligation or expense by reason of failure, neglect, or refusal of concessionaire to perform or fulfill any one or more conditions, concessionaire will be required to pay for the costs, interest, damage, and penalties.
- Construction requirements and bond. To ensure improvements are constructed in accordance with the approved plans and specifications, concessions shall deliver to the Authority a performance bond and payment bond, guaranteeing compliance with its obligations for construction of improvements.

Insurance At its own expense, the concessionaire shall maintain the following insurance coverage:

- Commercial general liability
- Business automobile liability.
- Umbrella or excel liability insurance. The minimum liability limits can be satisfied under an umbrella or excess liability policy.
- Worker's compensation insurance and employer's liability
- Construction bond.

Other Information and General Comments

The JAX RFP and corresponding lease agreement provide a lot of information on the type of costs required to operate a concession business at the airport. In some instances, the operating costs to do business at the airport are explicit, as with the minimum annual maintenance fee, capital investment requirements, and privilege fees. However, as at other airports, the lease agreement includes catch-all language that requires concessionaires to be solely responsible for all any and all costs, where tangible or intangible, in connection with the operation of its business at the airport.

The Authority tries to identify operating costs on the front end, through the lease agreements, to manage the expectations of concessionaires. Airport management also meets with concessionaires on a monthly basis to discuss a variety of issues, including feedback related to operating costs. Many of the costs to do business at JAX are fixed; however, some costs fluctuate, such as utilities or trash usage, which is a pro-rated fee based upon estimate usage.

In addition to conducting monthly concessionaire meetings, airport management frequently hosts meet and greet sessions for small business owners who want to learn how to participate on future airport RFPs. The town hall-style meetings are interactive and popular among prospective concessionaires

who wish to share their business service concepts. With no upcoming concession opportunities in the immediate future, the airport management encourages participants to engage with existing concessionaires to inquire if partnership opportunities may be available through purchasing, licensing, or ACDBE programs.

Lastly, it is important to note on the JAX website that the Authority provides interested parties with an overview of operating concessions at the airport. The one-page summary points out some of the expected differences of operating concessions at the airport, such as long hours of operation, strict security requirements, unique lease and rental structures, and capital improvement requirements: http://www.flyjax.com/PDFs/AirportConcessions%20101.pdf.

RALEIGH–DURHAM INTERNATIONAL AIRPORT

RDU is a medium-hub airport owned and operated by the Raleigh–Durham Airport Authority, a public body chartered by the North Carolina General Assembly. RDU is the main airport serving Central North Carolina and Southern Virginia. The airport serves 47 nonstop destinations with about 400 daily flights. Passenger enplanements at RDU for 2015 totaled nearly 5.0 million, ranking 39th in terms of passenger enplanements by FAA.

Raleigh–Durham International Airport:

Management Structure	Program Highlights	Method of Communication
Authority leases all concession space to prime and individual operators	Square feet: 50,000 # of locations: 42 # of operators: 10	RFP Lease Agreement Tenant Design Standards Concession Operating Standards

Concession Offerings

The concession program at RDU comprises approximately 50,000 square feet housing more than 20 dining options and two dozen retail shops, all of which directly lease space from the authority.

Estimated Concession Sales

In 2015, total concession sales were $47.7 million (Table 17). Food and beverage sales account for approximately 65% of total concession sales. Sales per enplanement in 2015 were $9.54 for

TABLE 17
GROSS CONCESSION SALES BY CATEGORY, RALEIGH–DURHAM INTERNATIONAL AIRPORT

	2015	2014	2013
Enplanements (in millions)	5.0	4.8	4.6
Gross sales (in millions)			
Food and beverage	$30.9	$27.9	$25.0
Specialty retail	$6.6	$6.7	$5.8
News and gifts	$10.2	$9.3	$8.6
Total	$47.7	$43.9	$39.4
Sales per enplanement			
Food and beverage	$6.18	$5.81	$5.43
Specialty retail	$1.32	$1.40	$1.26
News and gifts	$2.04	$1.94	$1.87
Total	$9.54	$9.15	$8.57

Source: ARN Fact Book—2016, 2015, 2014.

the concessions program and have steadily increased since 2013. In 2014, sales per enplanement were $9.15 and $8.57 per enplanement in 2013. Sales for retail concessions were $16.8 million in 2015 or sales per enplanement of $3.36, which represents a steady growth since 2013. Food and beverage concessions generated 30.9 million in 2015 or sales per enplanement of $6.18, a steady increase since 2013.

Operators

The airport offers several national, local, and regional brands operated by both large and small operators. In the food and beverage program, HMSHost operates several facilities under a joint venture partnership; SSP America also operates several concession facilities; and Uptown Airport Group operates two units (Table 18).

In the retail concessions category, there are numerous operators such as larger operators such as Paradies and Hudson Group (doing business as RDU Air Ventures). Other retail operators include EJE Retail, The Book Cellar, Zoom Systems, Marshall Retail Group, and 24-Hour Flower.

Solicitation Information

A planned reassignment of airline gates will begin in 2016 and will affect nearly all gates in Terminal 2. In preparation of the relocation of Terminal 2 gates, the Authority issued a RFP on April 4, 2016 for current food and beverage concessionaires operating in Terminals 1 and 2 who desired additional operations in Terminal 2. The concession opportunity was reserved exclusively for current operators of Terminal 1 and Terminal 2. RDU's website provides a link for current business opportunities, including the RFP and corresponding exhibits and appendices, the pre-proposal presentation, and financial projection worksheets: https://www.rdu.com/do-business-with-rdu/business-opportunities/.

Request for Proposals

The RFP describes the cost of doing business as part of this agreement, including utilities, facility maintenance, and customer service costs. Notable in the RFP is the detail provided in the pro forma income statement instructions. This information provides applicants with a list of costs to do business at RDU. Highlights of the RFP are described here.

Employee Costs The RFP does not explicitly describe employee costs; however, a description of these fees can be found in the lease agreement, which is part of the RFP, as well as the tenant operating standards.

Utilities The successful applicant is responsible for all costs required to design, implement, and operate the concession in accordance with the TDS. The TDS is a separate document that is provided

TABLE 18
CONCESSION OPERATORS, RALEIGH–DURHAM INTERNATIONAL AIRPORT

Food and Beverage Concessions	Retail Concessions
Food and Beverage Operators:	**Retail Operators:**
HMS Host (Joint Ventures)	24-Hour Flower
SSP America	EJE Retail
Uptown Airport Group	Marshall Retail Group
	Paradies
	RDU Air Ventures
	The Book Cellar
	Zoom Systems

Source: ARN Fact Book 2016.

in the RFP and lease agreement. The cost of common area HVAC and electrical services is borne by the Authority; however, the selected operator is responsible for the other utilities.

Facility Maintenance The RFP describes facility maintenance costs with respect to mid-term refurbishment, commissary and deliveries, and general maintenance:

- Mid-term refurbishment. The mid-term refurbishment requirement is based on a per square foot basis or a percentage of the original investment.
- Commissary and deliveries. RDU utilizes a remote warehouse and commissary system that is managed by a third party. All concessionaires are required to use the facilities and should contact the commissary operator to discuss delivery needs and service fees.
- Maintenance of concession space. The concessionaire is responsible for maintenance and upkeep of the facilities.

Customer Service Costs Two areas are described in the RFP, the marketing fee and the street pricing policy and monitoring system:

- Marketing Fee. The concessions marketing program supports promotions through advertising, promotional events, brochures, mystery shops, and customer service training. All concessionaires are required to contribute a percentage of gross sales, which is subject to change each year.
- Street pricing policy and monitoring system. The concession pricing policy and monitoring system is provided as an exhibit to the RFP. In addition, the document clearly defines the comparable standards, pricing guidelines, reporting, and compliance and enforcement standards.

Unique Local Specific Fees The RFP does not describe any local fees that are unique to the area. However, other fees are described in the lease agreement.

Lease Agreement

The RFP includes a sample lease agreement, which further delineates the expected costs of doing business at RDU. In addition to the costs/fees described in the RFP, the lease agreement provides additional information regarding the following areas:

Utilities According to the lease agreement, rent includes some utilities, such as electricity, HVAC, water, and sewer, as long as usage is within normal range, as determined by the Authority. If the concessionaire uses a utility in excess of an amount of other operators that are similar in size and operations, the Authority will impose a fee; it is important to note the amount that will be charged for excess usage is solely determined by the Authority.

Facility Maintenance The lease agreement describes the concessionaire's responsibilities regarding disposing of waste, recycling, and deliveries. Further, the lease agreement describes the Authority's expectations with respect to daily maintenance as well as to repairs, replacements, remodeling, and refurbishment.

Customer Service Costs The lease agreement addresses a number of concessionaire operating standards, including employee standards, hours of operation, concessions marketing, merchandise pricing, sanitation, hygiene, and cleanliness.

Insurance The lease agreement provides a list of required insurance as well as the minimum amount acceptable by the Authority. The concessionaire shall maintain the following insurance coverage:

- Commercial general liability
- Commercial automobile liability
- Products—Completed operations liability

- Umbrella excess liability
- Worker's compensation
- Builder's risk
- Business interruption
- Construction payment and performance bonds.

Other Fees/Operating Costs A security deposit is required through the life of the agreement to ensure the concessionaire maintains the obligations of the lease terms.

General Concession Operating Standards

The Authority developed the Concession Operating Standards to help ensure quality concessions and customer service. The standards are a compilation of the important routine operating requirements for RDU concessionaires, addressing such issues as applying for a security badge, merchandise deliveries, and cleanliness and maintenance requirements. Although the standards not all encompassing, they are an important tool for concessionaires and cover a comprehensive list of operating requirements and standards:

- Lease compliance
- Airport authority responsibilities
- Tenant responsibilities
- Marketing and promotions
- Airport security
- Terminal evacuation plan
- Customer service standards
- Delivery zone, garbage, and recycling locations
- Fats, oils, and grease disposal
- The RDU marketing plan.

Other Information and General Comments

During the RFP process, the Authority provides interested parties with as much information as possible regarding the concessionaire opportunity. The Authority generally provides the TDS, pricing policy, and sample lease agreement as exhibits in the RFP. However, the general concessions operating standards is provided upon award as part of the lease agreement.

It is important to note that, like other airports, RDU describes any other fees incurred as a result of operating under the lease agreement as additional rent, including delinquency charges, returned check fees, late fees, liquidated damages, taxes, joint marketing fund contributions, utility fees, and communication fees. Also, some fees are at the sole discretion of the Authority or subject to change.

CONCESSIONAIRE CASE EXAMPLES

To validate the findings from the airport surveys and airport case examples, three concessionaires volunteered to provide background about their firms and provide some insight regarding their experiences operating at airports.

MIDFIELD CONCESSION ENTERPRISES

Midfield Concession Enterprises, Inc. (MCE) is a multi-concept food and beverage operator that franchises many well-known companies and currently operates more than 50 restaurants at 10 airports around the country. Since its inception in 1999, it has offered a wide range of food and beverage options. MCE is a woman-owned and ACDBE-certified firm.

MIDFIELD CONCESSION ENTERPRISES

Company Highlights	Airport Locations
Food and beverage operator	Boston Logan
17 years of experience	Cleveland Hopkins
ACDBE certified	Denver International
	Detroit Metropolitan
	Indianapolis International
	Minneapolis–St. Paul
	Newark International
	Philadelphia International
	San Francisco International
	Washington Dulles

Concession Offerings

MCE represents a variety of restaurants, including two award-winning proprietary concepts, Sora and Mediterranean Grill. The company's locations also house such chains as Wendy's, Villa Fresh Italian Kitchens, and the Coffee Beanery; and casual dining restaurants such as Champps, Cantina Laredo, and Max & Erma's. MCE has locations in the following airports:

- Detroit Metropolitan Airport (DTW): Chili's, Max & Erma's, Papa Joe's Dining Room, Embers Fire & Ice Lounge, Papa Joe's Gourmet Market, Crave Robata Grill & Bar, Palazzolo's Gelato, Coffee Beanery, Corridor Kitchen, Grobbel's Gourmet Deli, The Shed, Andiamo's, Sora, Champps, Mediterranean Grill Express, the Coffee Beanery (three locations), and Legends.
- Philadelphia International Airport (PHL): Villa Fresh Italian Kitchen (two locations), Cantina Laredo, Wendy's, Earl of Sandwich, Red Mango, and Far East.
- Dulles International Airport (IAD): Green Leaf's & Bananas and Max & Erma's
- Boston Logan International Airport (BOS): UFood Grill.
- Cleveland Hopkins International: Villa Fresh Italian Kitchen, Green Leaf's & Bananas, and The Pub.
- Indianapolis International Airport (IND): Green Leaf's & Bananas.
- Newark Liberty International Airport (EWR): Qdoba Grill, Newark Express, Sora, Phillips Seafood, Mediterranean Bistro, and Mediterranean Bistro Express.
- Minneapolis–Saint Paul International Airport (MSP): New concepts include MSP Eats (a food truck alley comprised of Red Cow Burgers, Holy Land Deli and Salty Tart Bakery); Qdoba, the Roasting Plant, Dunkin Donuts, Vino Volo, and Lake Wine & Cheese.
- Denver International: Two Smash Burger and Bar locations, Tom's Urban Bar and Kitchen, and the Roasting Plant (a record franchise award at DEN).
- San Francisco International: MCE was awarded a franchise for the Roasting Plant scheduled to be in place in 2017.

Other Information and General Comments

Considering MCE's 17 years of experience in the airport industry, it is keenly aware of the costs of doing business at the airport. When a RFP is released, MCE reviews each opportunity based on the airport market, lease terms, and expectations of the respective airport. One of the biggest challenges is increased competition, which drives increasingly high capital investment costs, high rental structures, and street pricing requirements. The profit margins of doing business at the airport have become smaller over the years. Concessionaires are not only faced with significantly higher "basic" costs, such as those listed earlier, but the costs of other factors such as badging, parking, utilities, wages, and cost of goods, allow little room for a profit.

Concessionaires who are new to the airport industry, or wish to enter it, may not have the knowledge to evaluate an airport concession opportunity. For example, minimum capital investment requirements to build out a food and beverage facility may be stated in the RFP at $350 per square

foot, but actual costs may run in the $1,000 per square foot range. According to MCE, airports rents are higher than street rents, which makes these opportunities less attractive to local operators, especially when the additional costs are calculated.

OUTSTANDING HOSPITALITY MANAGEMENT CONCESSIONS GROUP (OHM)

Outstanding Hospitality Management (OHM) Concession Group is a boutique food and beverage company founded in 1997. In 1998, it was awarded its first airport contract, to operate a single Dunkin Donut at Lambert St. Louis International Airport. Since then, it has expanded to 11 airports, as well as transportation centers and traditional venues. OHM prides itself as one of the fastest growing ACDBE companies. Since 2013, OHM has added locations at eight new airports. It attributes their rapid growth through the competitive RFP process and strategic acquisitions.

OUTSTANDING HOSPITALITY MANAGEMENT CONCESSIONS GROUP

Company Highlights	Airport Locations
Food & beverage operator	Baltimore Washington
21 years of experience	Boston Logan
ACDBE certified	Greenville–Spartanburg
	Indianapolis International
	Lambert St. Louis
	Orlando International
	Pensacola International
	Philadelphia International
	Piedmont Triad
	Ronald Reagan National
	Washington Dulles

Concession Offerings

OHM has an evolving portfolio of local, regional, and national concepts including Kitchen by Wolfgang Puck, Chick-fil-A, the Great American Bagel, Dunkin Donuts, Jamba Juice, Einstein Bros., Freshens Smoothie & Yogurt, Great Wraps, the Good Stuff, California Tortilla, Leeann Chin, Currito, and several eateries by Todd English including American Market, Figs, Cava, Todd English Food Hall, and Tuscany, and others.

Concession operations include direct lease agreements with airports, sub-contract agreements with prime operators, and joint venture partnerships. Airport locations include:

- Lambert St. Louis International Airport: OHM is a joint venture partner with HMS Host for food and beverage concessions and a partner with Hudson for retail concessions
- Piedmont Triad International Airport: OHM has a partnership with HMS Host for food and beverage concessions
- Boston (BOS)—Eight food and beverage units
- Pensacola International Airport—Six food and beverage units
- Baltimore Washington International—Four food and beverage units
- Greenville–Spartanburg International Airport—Five food and beverage units
- Washington Dulles International Airport—Four food and beverage units
- Ronald Reagan International National Airport—Four food and beverage units
- Indianapolis International Airport—Three food and beverage units
- Philadelphia International Airport—One food and beverage unit
- Orlando International Airport—One food and beverage unit.

In 2016 and 2017, OHM is slated to open food and beverage facilities at four other non-traditional locations, including the Port Authority NYNJ Bus Terminal, the University of Illinois, Fulton Center NYC, and the former New York Times building in Times Square, New York.

Other Information and General Comments

As an experienced operator, OHM is aware of all the requirements for conducting business at the airport. According to OHM executives, airports do a good job of sharing information about running a business at the airports and there are no surprises after the concession awards have been made. Generally, airports provide potential concessionaires the minimum operating standards and requirements at the onset of the RFP process. This is generally done at the PPC, where airports share the details of the concession opportunities. Further, according to OHM, most airports provide an opportunity for small businesses or operators wanting to get into the airport business to ask questions, speak to more experienced prime concessions, take a tour, or ask follow up-questions during the RFP process.

One of the trends OHM reported is that over the past 5 years, airports award contracts to operators who bid among the highest rental percentages or minimum annual guarantees. In some instances, rents range from 18% to 22%, which makes it difficult to realize a viable return on investment. Further, labor costs and food costs tend to fluctuate the most in such arrangements, particularly with living wage requirements and the rise of minimum wages and benefit costs. High capital investment costs continue to rise over the years, whereas it is not uncommon to invest in the $1,000 range per square foot to build out a concession facility. This is particularly challenging to smaller concessionaires faced with the additional costs of parking, badging, street pricing, and deliveries. In contrast, larger concessionaires are able to operate on smaller margins as a result of economics of scale, because they can leverage their business to create a greater profit; so have more opportunity to dominate the business.

WHITMAN MAY ENTERPRISES, INC./UPTOWN AIRPORT GROUP, LLC

Based in Charlotte, Whitman May Enterprises, Inc. is a certified ACDBE firm. Whitman May Enterprises owns 30% in Uptown Airport Group, a joint venture among three ACDBE entities: FDY, Inc., Whitman May Enterprises, Inc., and Andstar Inc. The firms came together in 2014 to bid for a two-unit food and beverage concessions package at RDU, the first time that a partnership consisting of all minority-owned small businesses had bid for a contract there; and was awarded with a direct lease contract with RDU. Adrian Beard, president of Whitman May Enterprises, serves as managing partner for Uptown Airport Group, responsible for strategic growth, client relationships as well as overseeing its operations in RDU. Uptown Airport Group is currently exploring additional concessions opportunities at regional airports in the Southeast and Midwest.

Beard also serves as vice president of operations for Denard Enterprises, where he manages strategic development and oversees three food & beverage restaurants at Charlotte Douglas International Airport (CLT).

WHITMAN MAY ENTERPRISES, INC./UPTOWN AIRPORT GROUP

Company Highlights	Airport Locations
Food & beverage operator	Charlotte Douglas
6 years of experience	Raleigh–Durham
ACDBE certified	

Concession Offerings

Uptown Airport Group owns the Charlotte-based Salsarita's Fresh Mexican Grill and Raleigh based Char-Grill hamburger/shake shop in Terminal 1 at RDU. At CLT, Beard oversees the Einstein Bros. Bagel, Salsarita's, and Papa John's locations on behalf of Denard Enterprises.

Other Information and General Comments

Although Uptown Airport Group was a new joint venture entity within the RDU concessions program, the three firms collectively had a wealth of experience in opening and operating airport conces-

sions. Beard personally managed the opening of the Einstein Bros. Bagels location at CLT in 2010 before overseeing the openings at RDU, and has also gained multi-airport operating experience through his position with Denard Enterprises. Thus, when bidding on the concessions package at RDU, Uptown Airport Group was aware of all the general cost requirements involved in developing its business plan and proposal.

According to the company, airports generally tell reveal the costs of doing business there. While detailed figures about all charges would be preferable, the costs that ultimately determine the viability of the business opportunity (MAG, build-out costs, refurbishment costs, and contractual obligations such as the 3% commissary fee and marketing fund contribution) are clearly communicated. RDU did provide Uptown Airport Group with a rates and charges list, and according to Uptown Airport Group, that document provided details on smaller types of charges. At the time of Uptown's opening at RDU, the airport did not have a tenant handbook; since then, RDU has produced a handbook that it distributes to all concession tenants.

Although it experienced no real surprises in regard to the type of costs incurred, Uptown Airport Group did go over budget on the build-out for Char-Grill and Salsarita's at RDU. This was the result of two factors: the overtime paid to the general contractor in order to meet construction deadlines; and a specific, unexpected cost for the unit's hood system. According to Beard, the terminal in which the company built out Char-Grill and Salsarita's was brand new at the time, so the company received a blank shell space. The hood system ordered for the unit did not match with the airport's hot/chilled water system. In order to meet the specifications, Uptown needed to order a custom hood system, which cost approximately three times the price of the original system ordered. Although the general cost of the hood system was not an unknown cost, not knowing the details of the specifications needed to tie into the airport's HVAC system ultimately resulted in unexpected costs.

CHAPTER FIVE

ADDITIONAL CONSIDERATIONS RELATING TO COSTS AND HOW COSTS ARE PROVIDED

During the review phase in the development of this synthesis report, it became apparent that while there are many aspects of operating in the airport environment that create additional or higher costs for concessionaires, the dynamic nature of the airport business structure itself also creates new or higher costs for operators unfamiliar from their street locations.

For example, airports employ several different concession management approaches, either individually or in combination, that can impact business costs for prospective concessionaires. Chapter 8 ("Concessions Contracting Approaches") of *ACRP Report 54* (LeighFisher 2011), goes into great detail on the various concessions management approaches and how they impact airports from an economic and operational perspective. Although specific implications of the different management approaches on costs for concessionaires are not included, operators studying the pros and cons of each approach from an airport's perspective can extract substantial guidance to help them analyze the potential costs associated with concessions opportunities.

The airport concessions solicitation process itself is a source of additional cost elements that can be completely unknown and not accounted for by inexperienced prospective concessionaires. While not delving into specific detail on the cost of preparing RFP response documents, *ACRP Report 54* again serves as a resource for general guidance. In Chapter 10, Section 12 ("Streamlining the RFP"), the guide states, "For major competitive selections, large companies may spend considerable money on expensive covers, dividers, and artwork." The potential costs of airport required presentations and/or interviews is also highlighted in this section:

> When airport operators require formal presentations, concessionaires with large business development staffs and strong presentation skills are able to spend a lot of time and money preparing impressive presentations, which may or may not have anything to do with answering the key question—which proposer and concept will do the best job for the airport enterprise.

Spending considerable amounts on graphic design and presentation materials to win an award of an airport concessions space is not something that the first-time prospective concessionaire will have experienced in the process of taking on business opportunities in the general marketplace.

Although the airport solicitation process can produce additional costs for concessionaires to account for, the process can also be extremely beneficial for new or inexperienced operators. In chapter three of this report, Literature Review, RFP outreach/pre-proposal conference presentations were discussed as potential sources of business cost information that airports can utilize on an on-going basis by posting them onto concession business webpages. However, the conference/meeting itself provides airports with the opportunity to speak directly with potential operators and generate awareness concerning unknown costs or cost differentials. One panel member on this synthesis report team specifically mentioned that the most highly regarded outreach conferences he has participated in included panels of current concessionaires who shared their experiences in entering the industry. Hearing directly from operators about how they initially waded through the solicitation process and ultimately built out and opened in the airport space can be invaluable for new operators. If these operators are willing, listing them as sources of information on concession business resource webpages (or in the outreach/pre-proposal presentation posted on the webpage) could be a method of extending the useful life of the outreach/pre-proposal phase.

One particular item that airports can emphasize during the outreach and pre-proposal phases of the solicitation process is the importance of the pro forma. Although the importance of pro formas in the process of opening a new business is not unique to the airport concessions industry, prospective operators need to be aware that airports look for evidence that the respondent has included some (if not all) of the additional costs that are unique to that specific airport. This leads to an overall consideration for prospective concessionaires to incorporate into their planning: While airports strive to give as much cost information to potential operators as possible, operators need to augment it with their own research to ensure that they have the most accurate and relative data possible to use in preparing proposals. For example, it is typical for RFPs to include language similar to the following passage from DEN's *Request for Proposals: Common Use Lounge* (July 2016) in various forms and capacities:

> Proposers must conduct their own examination of passenger traffic. City does not represent or warrant the achievement of any forecast of future passenger traffic, past traffic levels being achieved in the future, airlines serving DEN today continuing to serve DEN in the future, or airlines continuing to use the same departure gates. Proposers must conduct a full investigation of the risks associated with operating at DEN.

Because airports will account for the possibility of old or inaccurate information in their RFP documents, it is incumbent upon potential respondents of airport concessions RFPs to perform their own due diligence and not rely solely on airport-supplied documentation as their sources of business cost information. Another reason airports include language of this type in RFPs is that while some elements of the airport business cost environment can be controlled by either the airport or the operator, there are many variables created by elements both inside and outside of the airport or concessionaire's control—for example, airline business activity and the myriad of factors that determine airline decisions to ramp up or pull back flight schedules or alter aircraft size at a particular airport—all of which can significantly change the economics of a concessions business opportunity.

CHAPTER SIX

CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

CONCLUSIONS

The uniqueness of the airport operating environment creates a host of business challenges and accompanying costs and expenses that can be unknown or surprising to inexperienced concession operators. Prospective restaurant or retail operators assessing opportunities to bid on airport concessions locations do not benefit from the same level of institutional knowledge and readily available resources that restaurateurs and retailers opening shops in the general marketplace enjoy. This synthesis investigated methods in which airports can improve the communication of cost data to retail and food and beverage operators, helping prospective concessionaires, particularly small business operators, better to gauge the viability of business opportunities being offered, and ultimately submit more accurate and enhanced proposals.

Based on the survey of airports, there is not one consistent method that airports employ to communicate operating costs, nor is there a specific list of costs or charges that airports require concessionaires to pay in order to operate at the airport. Lease agreements are the vehicle most often cited in which airports communicated operating costs to concessionaires. Figure 13 shows the results from the survey in regard to how airports communicate costs (note that the methods shown were pre-populated in the survey instrument); the Literature Review in chapter three delved into greater detail regarding other methods and tools used by airports.

Employee-related costs, including fingerprinting fees, badging fees, and employee parking, proved to be the most common concessionaire cost reported that differentiates the airport business environment from the general marketplace. The high turnover rate common in the airport concessions industry makes the security and badging costs process in particular a potential strain for small business operators.

Specific costs or cost ranges for the individual costs included in the survey were not reported, and in general were extremely hard to capture throughout the review process. Generally, prospective concessionaires will need to research and understand the higher costs at airports (as opposed to the general business marketplace environment) in the following areas at the minimum: business development costs [examples include proposal guarantees, costs in preparing Request for Proposals (RFP) and presentations], primary business costs (guaranteed rent, capital investment, etc.), design/construction costs, and employee-related costs (examples include security badging requirements and parking).

The literature review revealed that there are no dedicated sources of cost information for airport concession operators. General literature in the marketplace does not touch upon the nuances of airport environments, and airport industry reports provide very few details in regard to concessionaire costs. A detailed review and comparison of RFP documents to lease agreements found that whereas responsibility for costs are typically assigned within these types of documents (delineating general costs assumed by the concessionaire as opposed to general costs assumed by the airport), few specifics are provided. Figure 14 illustrates the major concessionaire cost categories that were recorded by means of the review of RFPs and lease agreements documented in Tables 3 through 10 (chapter three).

As a result of this lack of uniformity, there is not a one-size-fits-all approach for airports to follow when providing concessionaires with documents to assist in the analysis of airport business opportunities. Reviewing the airport's current library of documents, assessing how much concessionaire

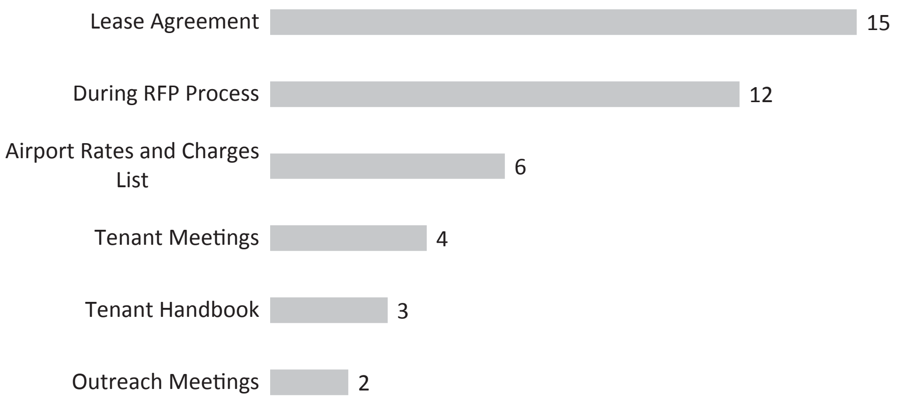

FIGURE 13 Communicating operating costs. *Source*: Unison Consulting (2016).

FIGURE 14 Major concessionaire cost categories. *Source*: Unison Consulting (2016).

business cost information is contained within the documents available, reviewing how these documents are currently presented to concessions operators, and determining other potential avenues for distribution are the key steps in developing an action plan to maximize the airport's business cost communication efforts.

Providing prospective concessionaires with permanent access to business documents, resources and tools including sample lease agreements, tenant handbooks, and rates and charges lists through a dedicated concessions business resource webpage could provide concessionaires with the tools to piece together a more complete picture of potential costs of doing business at airports. The airport documents, resources and tools reviewed in this synthesis include lease agreements, RFPs and addenda, tenant operating handbooks, tenant meeting presentations, RFP outreach/pre-proposal conference presentations, airport rates and charges lists, airport policy manuals, and tenant design criteria manuals. Based on the amount of cost information currently communicated within them, tenant handbooks showed the most potential as a single resource for airports to utilize to most effectively communicate costs to concessions operators. Creating a checklist of resources for potential concessionaires to collect in building a library of airport documentation and posting it on the concession business resources page is an easy method to provide convenient and effective information to operators.

In parallel with the survey results, the airports interviewed for case examples presented varying methods of communicating costs to prospective concessionaires. Some of this variance is created based on the specifics of the concessions solicitations the airport issued (for example, Raleigh–Durham International Airport's restriction of solicitations to current operators in Terminals 1 and 2), or as a result of the concession management model that the airport employs. The airports generally agree that the lease agreement is the document employed to deliver concessionaire cost agreements upfront in an effort to set expectations.

The concessionaires interviewed validated the survey results as well as the information presented in the airport case examples, generally expressing that airports do a good job of communicating the costs of doing business to them. With the exception of a few isolated situations (e.g., Whitman May/Uptown Airport Group's experience with unanticipated hood system costs), the operators all agreed that few if any operating costs were surprises to them. The primary costs that are communicated early on in the solicitation process by airports (minimum annual guaranteed rent, minimum capital investment, refurbishment investment) are the key figures to understand in order to assess the viability of the business opportunity. Underestimating build-out costs was cited by two respondents as issues for small operators in particular, as the final cost per square foot in capital investment is typically significantly higher than the minimum set by the airport.

The dynamic nature of the airport business structure and operating environment make it incumbent upon potential respondents of airport concessions RFPs to perform their own research and not rely solely on airport-supplied documentation as their source of business cost information. Inherent aspects of the airport concessions business structure, such as the solicitation process and different concessions management approaches (which will not necessarily be addressed in airport documents, tools and resources), will create costs that may be unknown to new or inexperienced operators.

This dynamic element is exacerbated by variables created both inside and outside of the airport or concessionaire's control that can further impact the cost of doing business at airports. To this end, it is possible that airports can look at capital investment, design criteria and build-out requirements as cost elements within their control that can be adjusted to assist small business entities in competing for, and ultimately producing, spaces that meet airport expectations without burdening the operator with a heavy financial deficit.

The differences in how airports manage their property from security, operations, and revenue generation standpoints makes the widespread adoption of a single set of consistent practices in regard to communicating costs to prospective concessionaires a challenge. Although there is some uniformity in the types of charges concessions operators typically pay, there is enough nuance, particularly in regard to specific figures for rates and fees, to make it difficult for a single tool or system to meet the needs of most airports or concession operators. Any document or system implemented would need

constant revising and updating by airport management staff, creating additional process and opening up the potential for outdated information to circulate.

SUGGESTIONS FOR FURTHER RESEARCH

Finding and recording actual figures or rates for the various business operating costs airports communicate to prospective concessionaires proved to be particularly challenging. Some airports furnish rates and charges lists to concessions operators that includes some specific cost figures, but typically these lists are very general in nature. Specific figures are interspersed within lease agreements, tenant handbooks, RFPs, and other airport business documentation, without any particular order or organization around what document communicates what type of cost figure. A study of concessionaire costs based on actual documentation may lead to a more complete set of cost figures for airports to distribute to prospective concessionaires; however, more research may be necessary to determine the viability of such a document.

This report highlighted the importance of concessionaires' understanding both general and specific airport business costs to create accurate pro forma submissions. A study that delves into the accuracy of pro formas, including whether or not operators properly account for business costs and meet the projections presented within them, could assist the industry in continuing to understand how the lack of consistent communication and/or availability of airport business cost information impacts this vital aspect of the concessionaire business plan.

The case example interviews and the airport survey findings both validated the concept that the primary airport concession business costs of minimum annual guaranteed rent, percentage rent and capital investment requirements are the focus of airport business cost communication. As the key components to prospective concessionaires assessing the viability of airport opportunities, a comprehensive survey of airports to gather statistics regarding minimal annual guarantee amounts, percent rent structures, and minimum investment requirements could not only provide tangible figures for airports and operators to cite and use, but also delve into whether the level of these costs of entry are pricing small business entities out of the industry.

As discussed earlier in this synthesis report, *ACRP Report 54: Resource Manual for Airport In-Terminal Concessions* was published in 2011, so an update to the report would be an efficient way to provide airport management and concessionaires with current information for the myriad of data it presents. A more robust way to fill the knowledge gap in this area would be to commission a study that produces a parallel report to *ACRP Report 54,* creating a resource manual written primarily for use by concessions operators (or prospective operators). Creating a reference manual based on extensive operator-focused research into all of the elements of the airport concessions business life cycle would provide the industry with a definitive information resource beyond airport-generated documents created for other purposes.

GLOSSARY

ACDBE—Airport Concessions Disadvantaged Business Enterprise, as defined in 49 CFR Part 23.

Builder's or contractor insurance—A special type of property insurance that indemnifies against damage to the terminal areas while they are under construction.

Business interruption insurance—A type of insurance that covers the loss of income that a business suffers because of a disaster or emergency-related closing of the business facility or the rebuilding process after a disaster or emergency.

Capital improvements—The initial improvements made to the leased premises by the concessionaires. Generally in new space, part of the negotiations will include the detail the improvements will be made in the leased premises.

Common area maintenance (CAM) fees—Common-area maintenance fees are paid to the airport or another party as reimbursement for the maintenance of common (shared) areas, such as food courts.

Comprehensive auto liability insurance—A type of insurance that covers vehicle encounters with unpredictable elements or incidents apart from collision.

Comprehensive general liability insurance—A policy that offers broad coverage for the airport if it is faced with a third-party lawsuit alleging bodily injury or property damage. It protects against claims brought the airport as a whole, as well as claims brought against individuals who are a part of airport.

Concession management structures—This defines the type of structure in which the airport manages and leases the concessions program. There are four basic types of concession management structures: prime operator, direct lease, third party (developer or manager), and master concessionaire.

Cost per enplaned passenger (CPE)—CPE is the average passenger airline payments per enplaned passenger at a given airport. A majority of U.S. airports provide CPE data, which are considered a key metric to evaluate the financial operations

Developer—Company that subleases all of the concession space at an airport and to concessionaires on behalf of the airport. Revenue is shared between the developer and the airport operator.

Direct leasing—Concession management approach where the airport leases out concession space to multiple concessionaires.

Employer's Liability Insurance—A type of insurance policy for employers that protects them from major financial loss if a worker experiences a job-related injury or illness that worker's compensation doesn't cover.

Environmental insurance—A form of business insurance that covers companies and protects them from uninsured environmental liabilities they may face.

Hybrid model—A concessions operating model that consists of one or more management structures: direct lease, prime concessionaire, and/or third party developer or manager.

Large-hub airport—FAA defines primary hub airports by the percentage of annual passenger enplanements. Large hubs are airports that enplane 1% or more of annual passenger enplanements in the United States.

Living wage—A wage rate set by some cities and counties that is higher than the federal or state minimum wage and is intended to approximate the actual minimum cost of living in a jurisdiction. Where enacted by an airport sponsor, living wage rates will apply to concessionaires and others that do business with the airport.

MAG or minimum annual guarantee—Minimum yearly amount of rent to be paid to the airport by a concessionaire or, in some cases, a developer.

Medium-hub airport—FAA defines primary hub airports by the percentage of annual passenger enplanements. Medium hubs enplane at least 0.25%, but less than 1%.

Mid-term refurbishment requirement—This represents the minimum amount of improvements to be made to the leased premises by the concessionaire to refresh the facility, which generally takes place at the midway point of a lease term.

Operating costs—The actual costs associated with operating a leased area, including but not limited to maintenance, repairs, management, utilities, taxes, and insurance.

Outreach meeting—This is an open meeting where the public is invited to hear about opportunities or the latest developments at an airport.

Performance bond—A surety bond posted by a tenant, guaranteeing full performance of a lease agreement terms, with the proceeds to be used to complete the terms of the lease agreement or compensate for the airport's loss in the event of nonperformance.

Pre-proposal conference—A meeting that will be held after a Request for Proposal (RFP) is issued and prior to the deadline for submission of questions for the purpose of presenting the solicitation and receiving interested respondent's questions.

Prime concessionaire—A single firm operating approximately one-half or more of the concession space in a category of concession, such as food and beverage or retail. There are usually no more than two prime concessionaires operating in a single category.

Pro forma—A financial projection based on assumptions such as projected sales and expenses.

Revenue—As used in this resource manual, the amounts paid by concessionaires to the airport. (The term "sales" refers to the gross income of the concessionaires.)

RFP or request for proposals—Competitive solicitation approach whereby criteria are established and proposals are evaluated against the criteria, with the proposal receiving the highest score declared the winner.

Sales—Gross income of the concessionaire.

Sales per enplaned passenger—Average amount spent by each enplaned (departing) passenger.

Selected respondent—The selected respondent is the company or individual entity that is selected for the concession opportunity described in the RFP.

Small-hub airport—FAA defines primary hub airports by the percentage of annual passenger enplanements. Small hubs enplane at least 0.05% but less than 0.25%; and non-hubs enplane more than 10,000 passengers but less than 0.5% of the annual total.

Solicitation—Competitive process whereby criteria are established and proposals are requested and evaluated against the criteria, with the proposal receiving the highest score declared the selected respondent.

Street pricing—When set by the airport, a policy requiring concessionaires to price goods and services at levels no greater than the prices for similar goods and services outside the airport. When set by a concessionaire or a developer, a strategy for encouraging sales.

Umbrella or Excess Liability Insurance—Umbrella insurance refers to liability insurance that is in excess of specified other policies and also potentially primary insurance for losses not covered by the other policies.

Worker's compensation insurance—Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment.

Worker retention—Program, policy, or requirement to consider hiring the employees of the outgoing concessionaire. Worker retention programs can range from voluntary efforts such as job fairs, to mandatory contractual requirements.

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APPENDIX A

Survey Questionnaire

ACRP Survey—Food and Beverage and Retail Operations:

The Costs of Doing Business at Airports

1) Please tell us about you.

Airport:

Name:

Telephone no:

E-mail address:

2) What employee costs do your concessionaires pay to operate at the airport?

Select YES, NO, or Don't Know

	Food and Beverage Operators	Retail Operators
Employee Parking		
Transportation Fee		
Fingerprinting Application		
Badge Fee		
Replacement Badge Fee		
Renewal Badge Fee		

3) What utility costs do your concessionaires pay to operate at the airport?

Select YES, NO, or Don't Know

	Food and Beverage Operators	**Retail Operators**
Electricity		
Gas		
Water		

	Food and Beverage Operators	**Retail Operators**
Trash and Waste		
Plumbing		
Grease Removal		
Recycling		
IT/Internet		
Phone		

4) What facility maintenance fees do your concessionaires pay to operate at the airport?

Select YES, NO, or Don't Know

	Food and Beverage Operators	**Retail Operators**
Janitorial/Daily Cleaning		
Common Area Maintenance		
Pest Management		

Vent-a-Hood Cleaning and Vent Screen Replacement		
Annual Refurbishment		
Mid-Term Refurbishment		
Routine and Preventive Maintenance		

5) What customer service costs do your concessionaires pay to operate at the airport?

Select YES, NO, or Don't Know

	Food and Beverage Operators	**Retail Operators**
Marketing Fee		
Mystery Shopping (not included with marketing fee)		
Pricing Comparison Surveys		
Customer Service Training		
Compliance Violation Fees/Penalties		

6) What "LOCAL" costs/fees do your concessionaires pay to operate at the airport?

Select YES, NO, or Don't Know

	Food and Beverage Operators	**Retail Operators**
Living Wage ($ above minimum wage)		
Health Inspections		
Local Business Taxes—if yes, specify in blank space below		
Permits—if yes, specify in blank space below		

7) What "OTHER" costs/fees do your concessionaires pay to operate at the airport?

Select YES, NO, or Don't Know

	Food and Beverage Operators	**Retail Operators**
Central Distribution and Delivery Fee		
Privilege Fee (not MAG or % rent)		
Office Space		
Support/Storage Space		
Performance Bond		
Security Surcharge		

8) Please indicate any other costs or fees not listed above concessionaires pay to operate at the airport?

List costs/fees and provide brief comment.

Please list other costs/fees:	**Food and Beverage Operators**	**Retail Operators**

9) What type of insurance is required to operate at the airport? Select all that apply

[ ] Worker's Compensation Insurance

[ ] Comprehensive General Liability

[ ] Comprehensive Auto Liability

[ ] Builder's or Contractor Insurance

[ ] Liquor Liability Coverage

[ ] Other—Write in: ____

10) How are the costs of operations communicated to concessionaires? Select all that apply.

[ ] During RFP Process

[ ] Lease Agreement

[ ] Airport Rates and Charges List

[ ] Tenant Meetings

[ ] Tenant Handbook

[ ] Other—Write in: ____

11) Based on feedback from concessionaires, what do they indicate as the #1 unexpected cost/fee to do business at the airport?

12) If your airport has experienced some food and beverage or retail operations that have failed or ceased operations, what do you believe are the reasons?

13) Do you have other comments or insight you would like to share to help ACRP gain a better understanding of all the costs of doing business at airports?

14) Would you be willing to be interviewed as a case study example? Case study examples will have their airport named as exemplary and will be given a personalized review of their practices.

( ) Yes—please contact me to set up an interview

( ) No thank you

15) Do you have any materials (e.g., lease agreements, pre-proposal presentations, airport rates, and charges list) you could share for potential inclusion in the ACRP Synthesis Report?

( ) Yes—please contact me for a copy

( ) No

Thank You!

APPENDIX B

Sample Airport Documents, Tools, and Resources Checklist

Airport Business Costs Research Documents Checklist

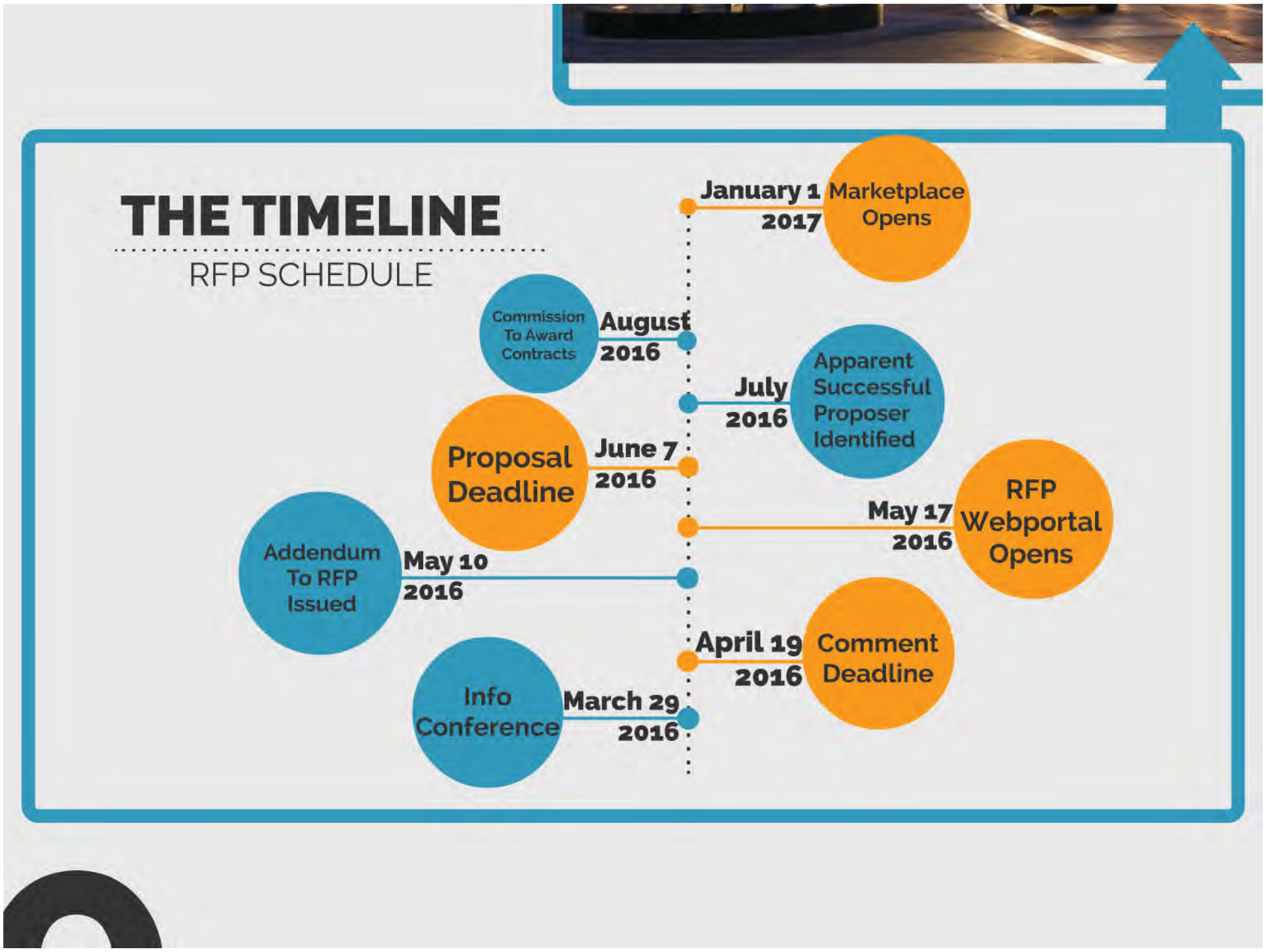
- [ ] Recent Concessions RFP
- [ ] Outreach/Pre-Proposal Presentation
- [ ] Tenant Operating Manual/Handbook
- [ ] Airport Rates & Charges List
- [ ] Sample Lease Agreement
- [ ] Tenant Design Criteria Manual
- [ ] Concessions Policy Manual
- [ ] Tenant Meeting Presentation
- [ ] ____________________
- [ ] ____________________

Notes

APPENDIX C

San Francisco International Airport Terminal 3 Retail Marketplace RFP Pre-Proposal Meeting Presentation (2016)


ABOUT SFO
AIRPORT OVERVIEW
SFO is owned and operated by the City & County of San Francisco and is under the jurisdiction of the Airport Commission – a 5 member board appointed by the Mayor to operate the Airport as a separate enterprise department.
WHY THE COMPETITIVE PROCESS?
According to the San Francisco Administrative Code, the Airport Commission is required to Conduct a competitive process and award its contracts to the best responsible and responsive proposer. Wherein a concessionaire is given an exclusive right to occupy space at the Airport.
TERMINAL 3 RETAIL MARKETPLACE LEASE
MINIMUM QUALIFICATION REQUIREMENTS
FINANCIALS
MQs
THE TIMELINE
RFP SCHEDULE
January 1 2017 Marketplace Opens
August 2016
July 2016 Apparent Successful Proposal Identified
June 7 2016 Proposal Deadline
May 17 2016 RFP Webportal Opens
May 10 2016 Addendum To RFP Issued
April 19 2016 Comment Deadline
March 29 2016 Info Conference
KEY BUSINESS TERMS
PERMITTED USE
CONCEPT
SPECIFICS
MORE SPECIFICS
PROHIBITED CONCEPTS
KEY BUSINESS TERMS
BY THE NUMBERS
THE MAG & TERM
MINIMUM INVESTMENT
RENT
OTHER COSTS
REQUIREMENTS
CRITERIA
THE PREMISES
TERMINAL 3 Retail Marketplace
CITY ORDINANCES
SFO
TERMINAL 3 RETAIL MARKETPLACE LEASE


THE TIMELINE
RFP SCHEDULE
January 1 2017
Marketplace Opens
Commission To Award Contracts
August 2016
July 2016
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Proposal Deadline
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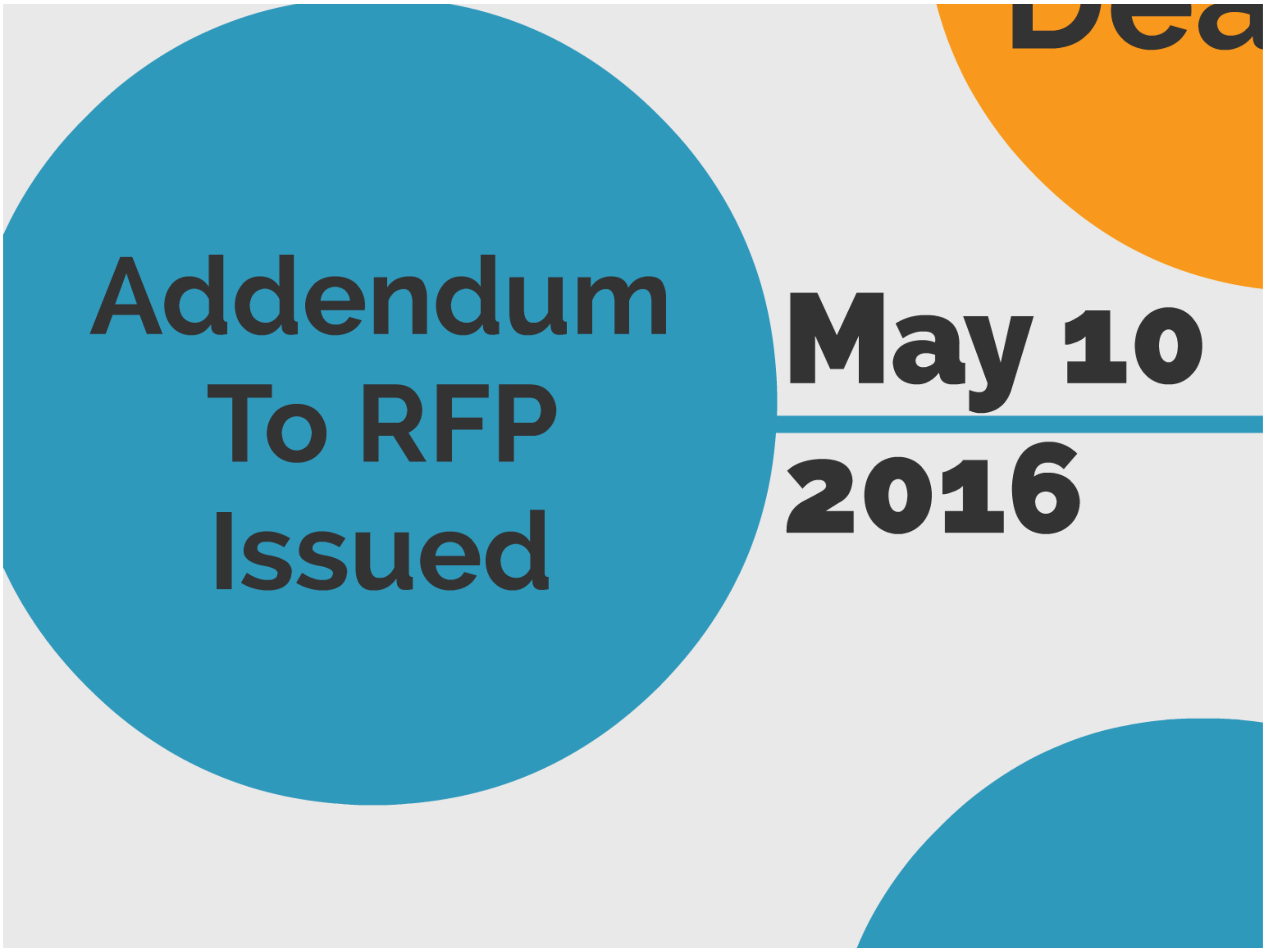
Info Conference
March 29 2016


Info
Conference
March 29
2016


April 19
2016
Comment
Deadline


Addendum
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2016


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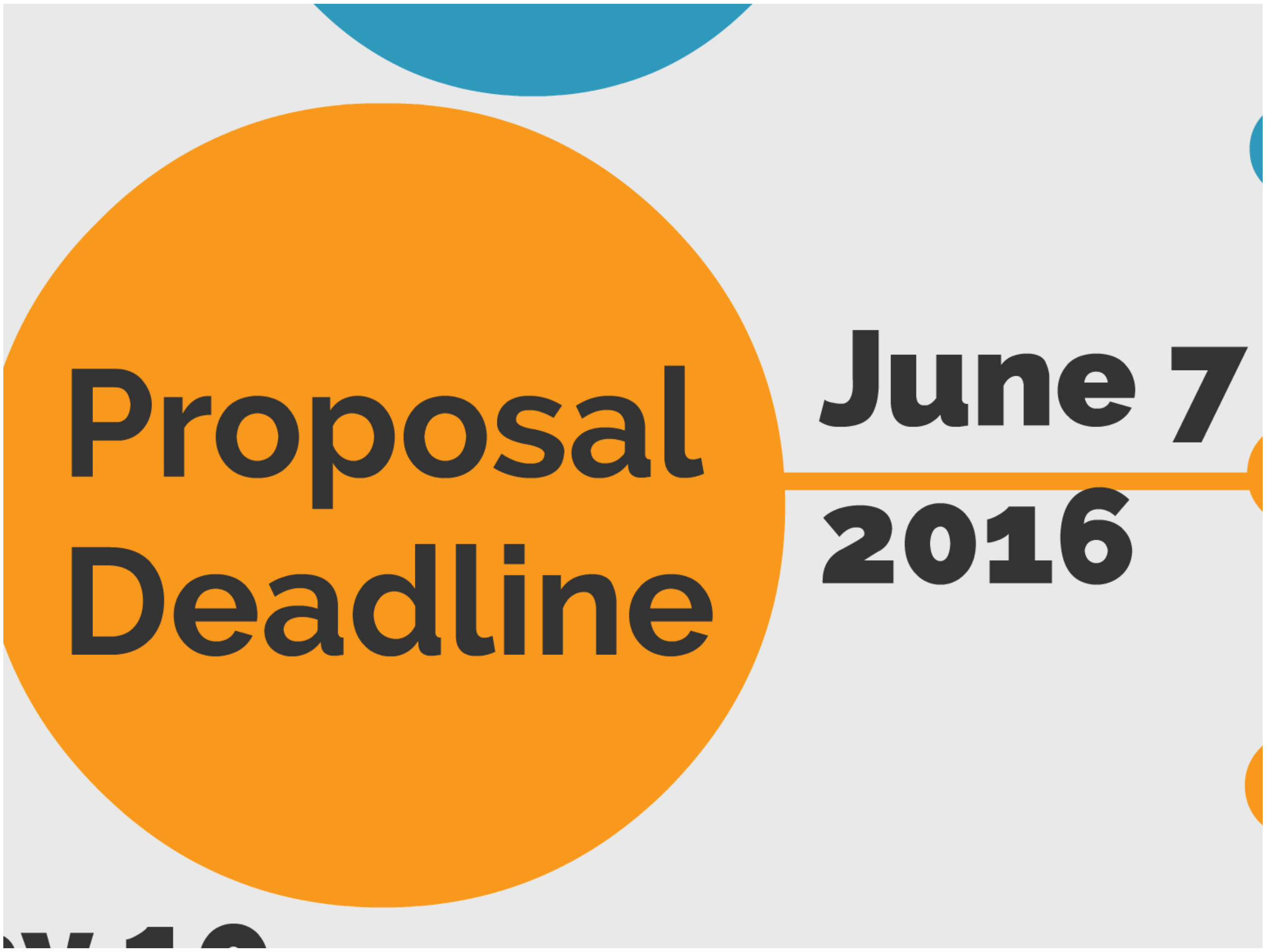
Proposal
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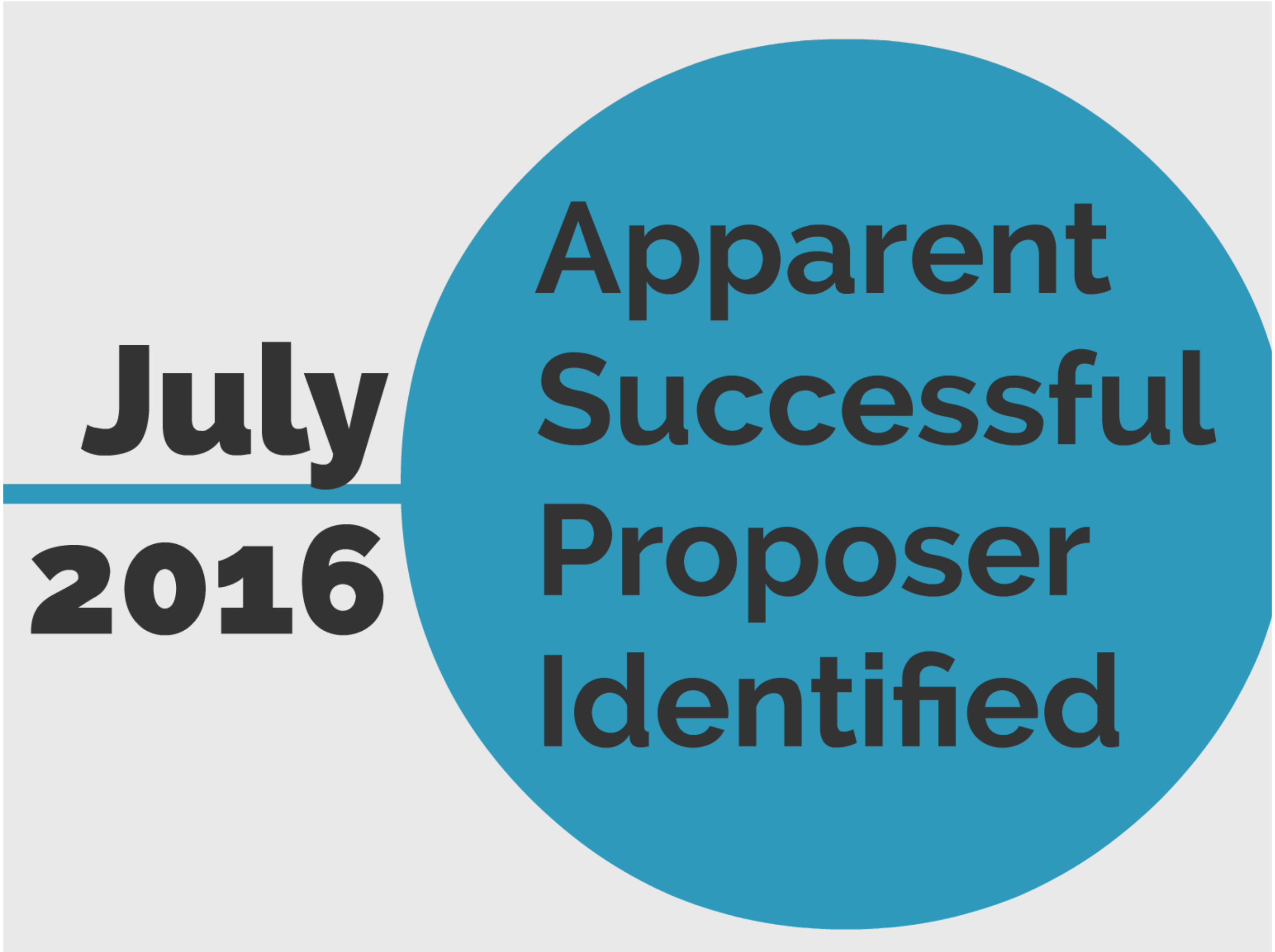
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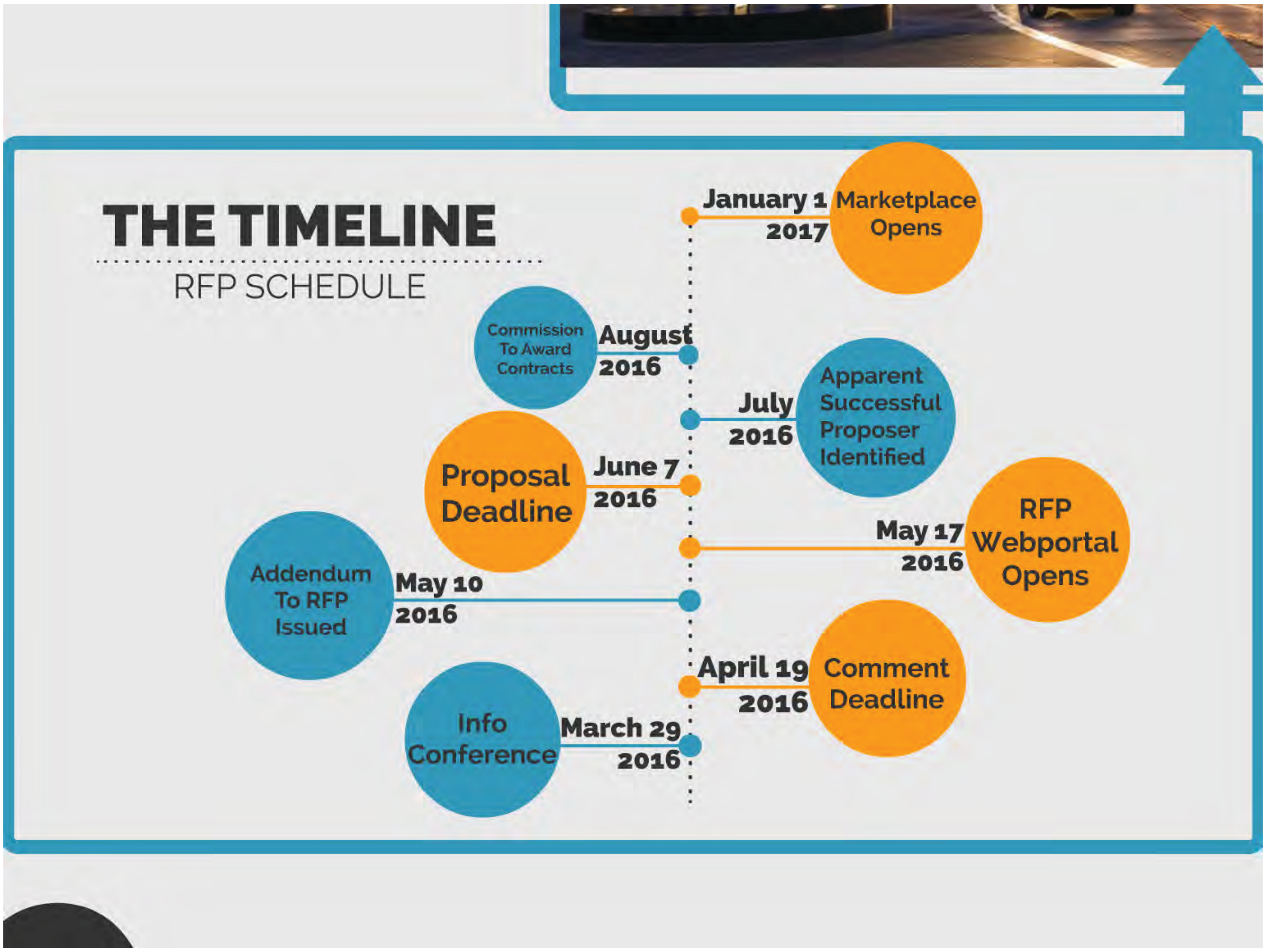
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ABOUT SFO

AIRPORT OVERVIEW

SFO is owned and operated by the City & County of San Francisco and is under the jurisdiction of the Airport Commission - a 5 member board appointed by the Mayor to operate the Airport as a separate enterprise department.

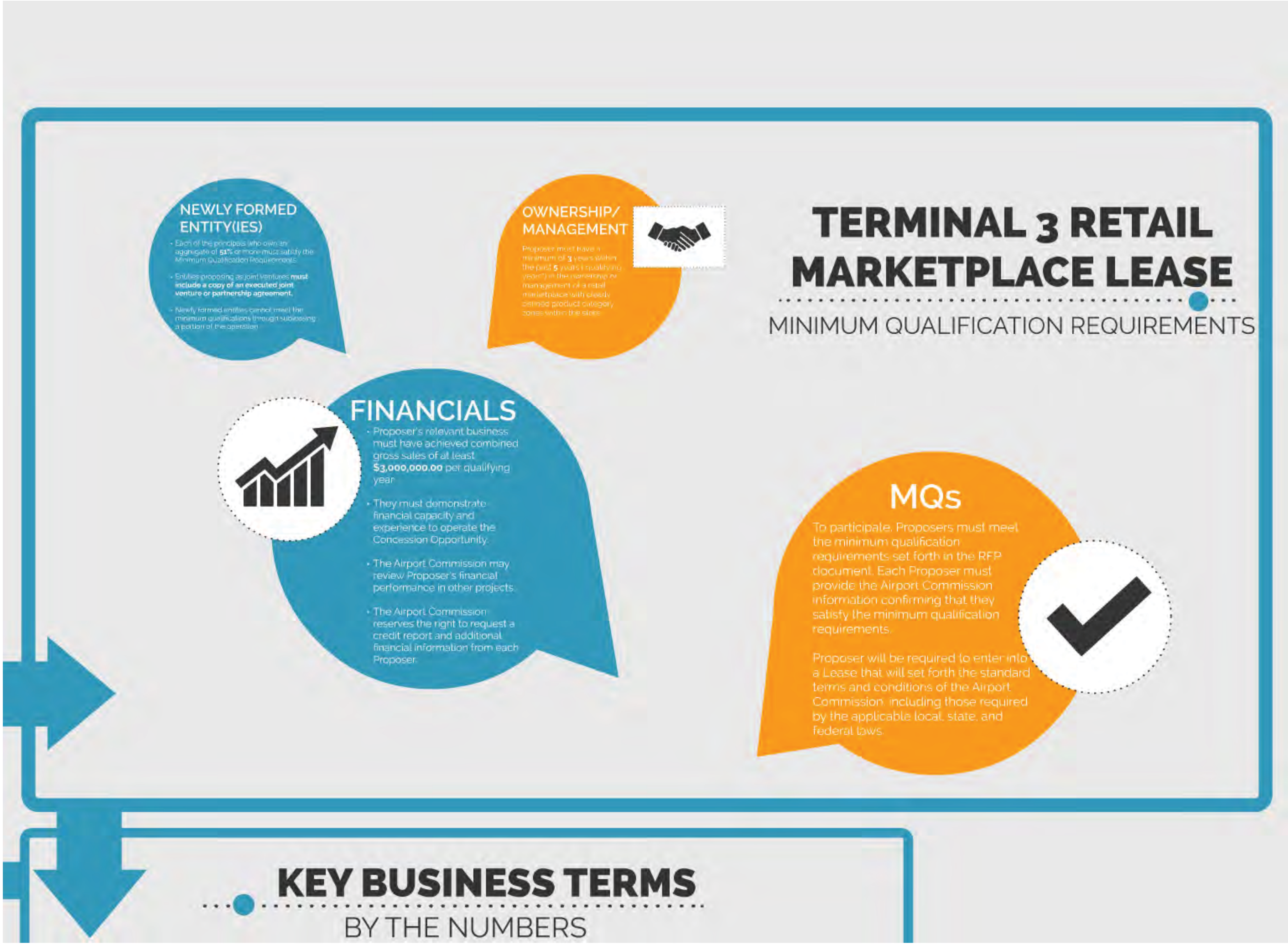
WHY THE COMPETITIVE PROCESS?

According to the San Francisco Administrative Code, the Airport Commission is required to: Conduct a competitive process and; award its contracts to the best responsible and responsive proposer. Wherein a concessionaire is given an exclusive right to occupy space at the Airport.

January 1 2017 Marketplace Opens

KEY BUSINESS TERMS

PERMITTED USE



TERMINAL 3 RETAIL MARKETPLACE LEASE
MINIMUM QUALIFICATION REQUIREMENTS
NEWLY FORMED ENTITY(IES)
• Each of the principals who own an aggregate of 51% or more must satisfy the Minimum Qualification Requirements.
• Entities proposing as joint ventures must include a copy of an executed joint venture or partnership agreement.
• Newly formed entities cannot meet the minimum qualifications through subleasing a portion of the operation.
OWNERSHIP/ MANAGEMENT
Proposer must have a minimum of 3 years within the past 5 years ("qualifying years") in the ownership or management of a retail marketplace with clearly defined product category zones within the store.
FINANCIALS
• Proposer's relevant business must have achieved combined gross sales of at least $3,000,000.00 per qualifying year.
• They must demonstrate financial capacity and experience to operate the Concession Opportunity.
• The Airport Commission may review Proposer's financial performance in other projects.
• The Airport Commission reserves the right to request a credit report and additional financial information from each Proposer.
MQs
To participate, Proposers must meet the minimum qualification requirements set forth in the RFP document. Each Proposer must provide the Airport Commission information confirming that they satisfy the minimum qualification requirements.
Proposer will be required to enter into a Lease that will set forth the standard terms and conditions of the Airport Commission, including those required by the applicable local, state, and federal laws.
KEY BUSINESS TERMS
BY THE NUMBERS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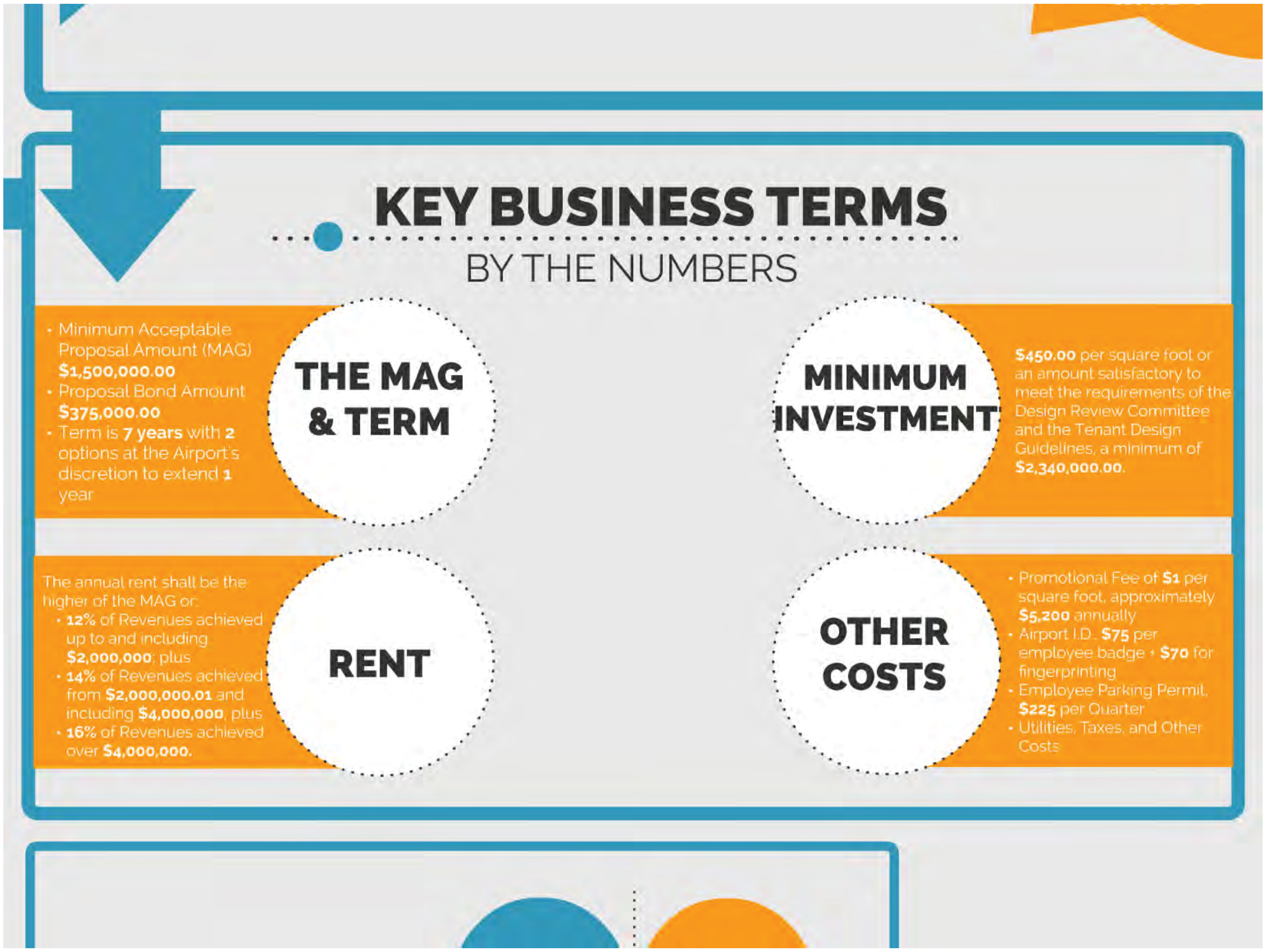
KEY BUSINESS TERMS
BY THE NUMBERS
THE MAG & TERM
• Minimum Acceptable Proposal Amount (MAG) $1,500,000.00
• Proposal Bond Amount $375,000.00
• Term is 7 years with 2 options at the Airport's discretion to extend 1 year
MINIMUM INVESTMENT
$450.00 per square foot or an amount satisfactory to meet the requirements of the Design Review Committee and the Tenant Design Guidelines, a minimum of $2,340,000.00.
RENT
The annual rent shall be the higher of the MAG or:
• 12% of Revenues achieved up to and including $2,000,000; plus
• 14% of Revenues achieved from $2,000,000.01 and including $4,000,000, plus
• 16% of Revenues achieved over $4,000,000.
OTHER COSTS
• Promotional Fee of $1 per square foot, approximately $5,200 annually
• Airport I.D., $75 per employee badge + $70 for fingerprinting
• Employee Parking Permit, $225 per Quarter
• Utilities, Taxes, and Other Costs


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RENT

RS

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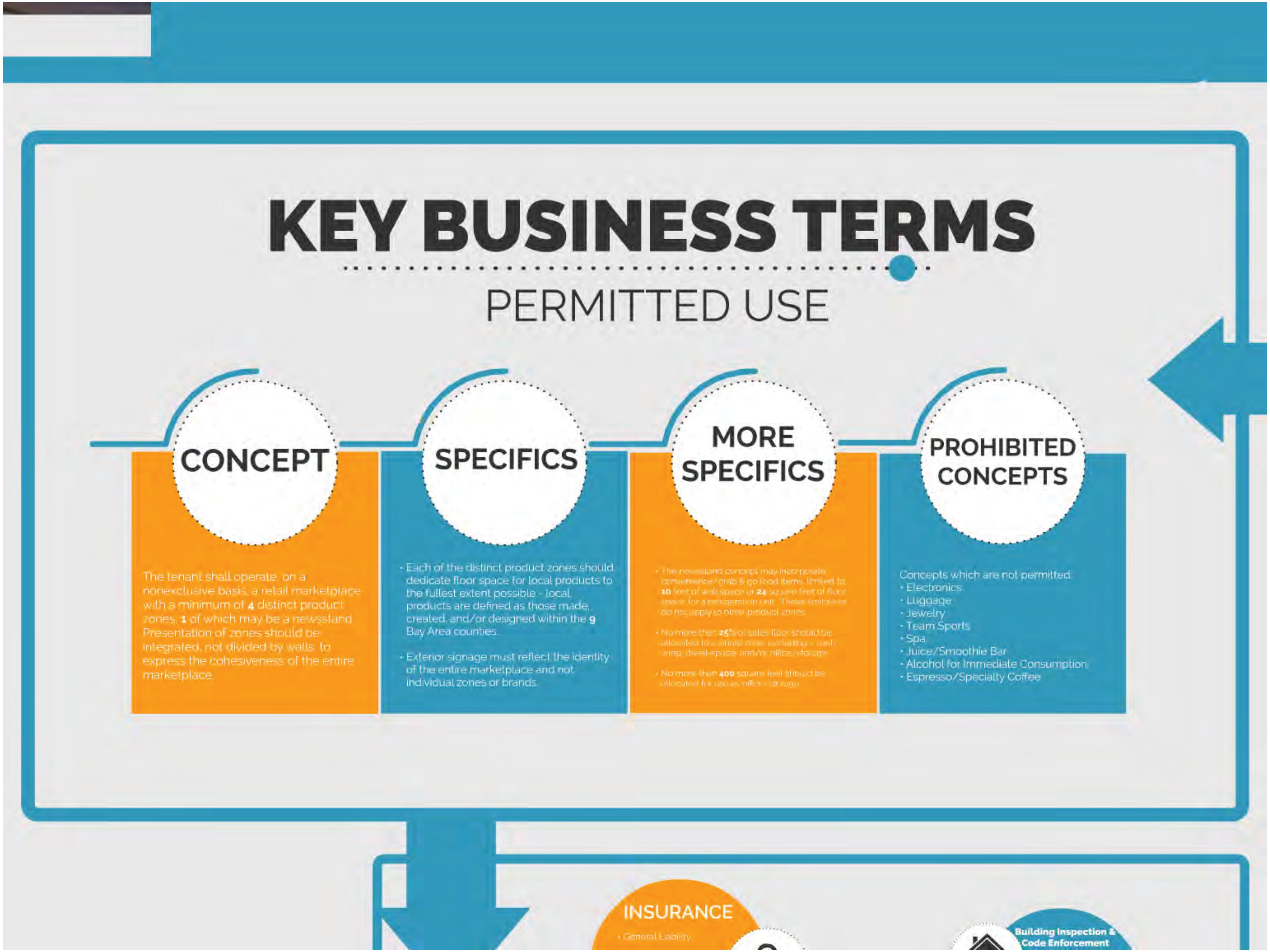
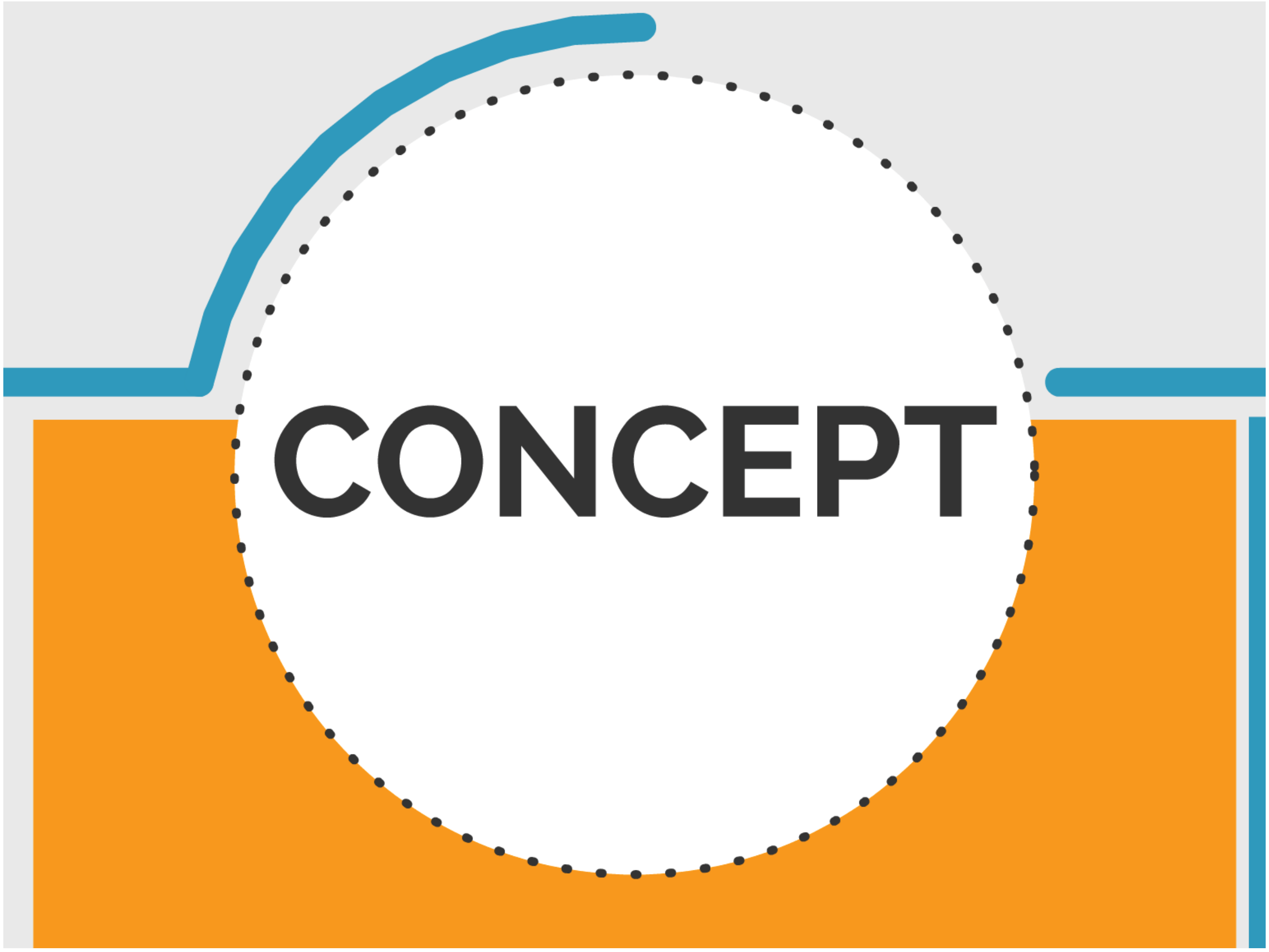

KEY BUSINESS TERMS
PERMITTED USE
CONCEPT
The tenant shall operate, on a nonexclusive basis, a retail marketplace with a minimum of 4 distinct product zones, 1 of which may be a newsstand. Presentation of zones should be integrated, not divided by walls, to express the cohesiveness of the entire marketplace.
SPECIFICS
- Each of the distinct product zones should dedicate floor space for local products to the fullest extent possible - local products are defined as those made, created, and/or designed within the 9 Bay Area counties.
- Exterior signage must reflect the identity of the entire marketplace and not individual zones or brands.
MORE SPECIFICS
• The newestand concept may incorporate convenience/grab & go food items, limited to 10 feet of wall space or 24 square feet of floor space for a refrigeration unit. These limitations do not apply to other product zones.
• No more than 25% of sales floor should be allocated to a single zone, excluding cash wrap, dwell-space and/or office/storage.
• No more than 400 square feet should be allocated for use as office/storage.
PROHIBITED CONCEPTS
Concepts which are not permitted:
- Electronics
- Luggage
- Jewelry
- Team Sports
- Spa
- Juice/Smoothie Bar
- Alcohol for Immediate Consumption
- Espresso/Specialty Coffee
INSURANCE
- General Liability
Building Inspection & Code Enforcement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MORE
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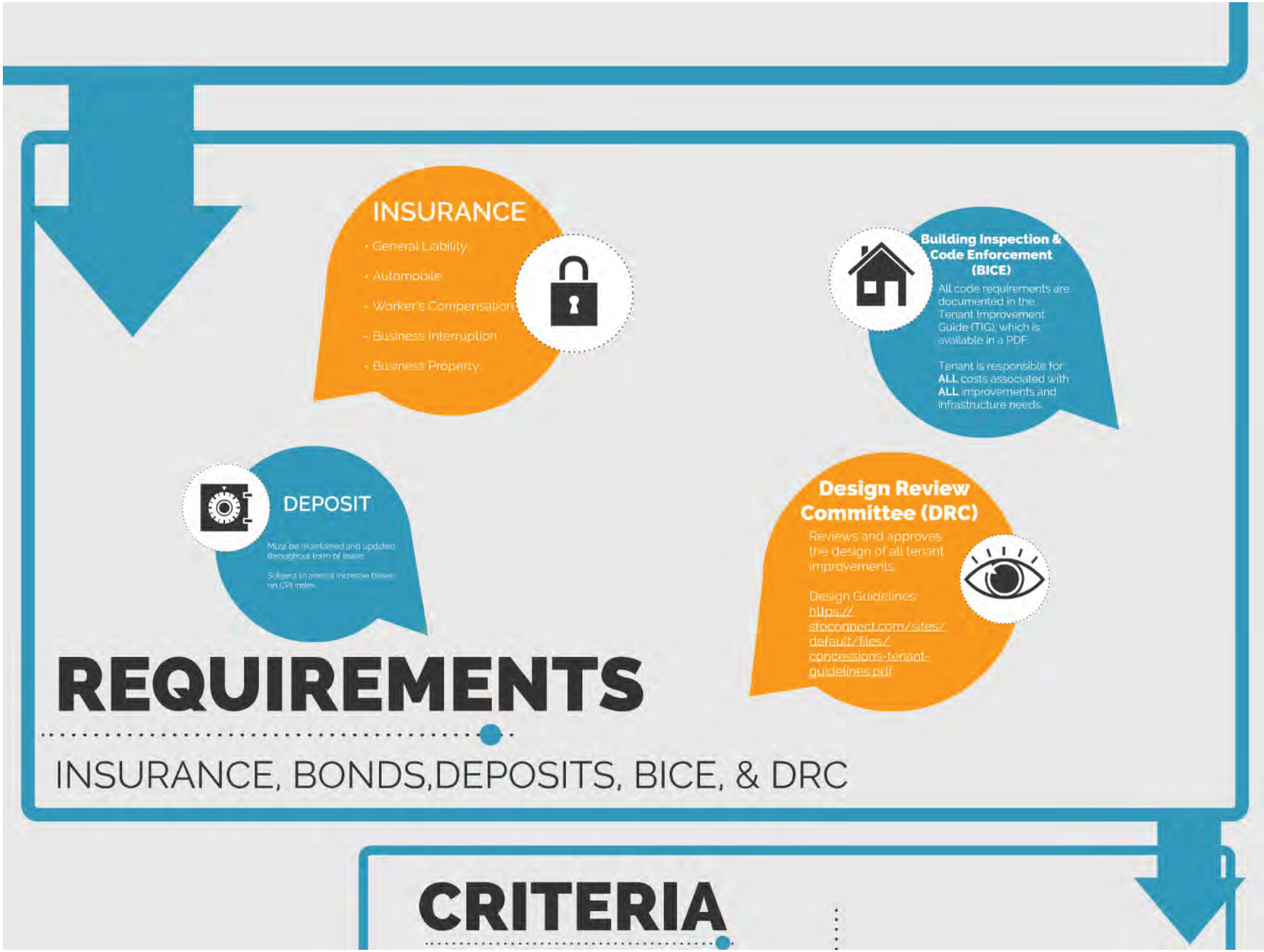
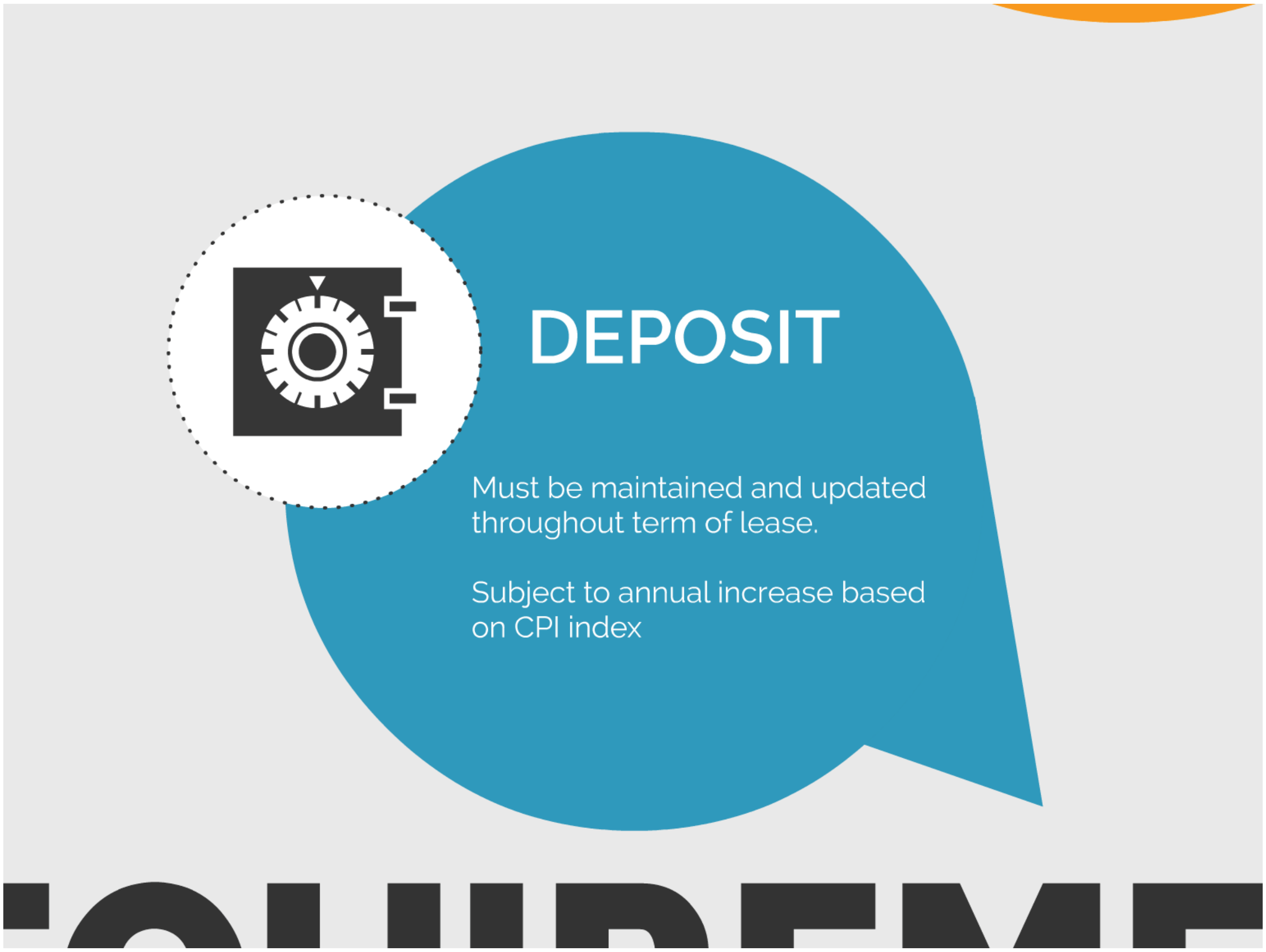

INSURANCE
- General Liability
- Automobile
- Worker's Compensation
- Business Interruption
- Business Property
Building Inspection & Code Enforcement (BICE)
All code requirements are documented in the Tenant Improvement Guide (TIG), which is available in a PDF.
Tenant is responsible for ALL costs associated with ALL improvements and infrastructure needs.
DEPOSIT
Must be maintained and updated throughout term of lease
Subject to annual increase based on CPI index
Design Review Committee (DRC)
Reviews and approves the design of all tenant improvements.
Design Guidelines: https://stoconnect.com/sites/default/files/concessions-tenant-guidelines.pdf
REQUIREMENTS
INSURANCE, BONDS,DEPOSITS, BICE, & DRC
CRITERIA


INSURANCE
• General Liability
• Automobile
• Worker's Compensation
• Business Interruption
• Business Property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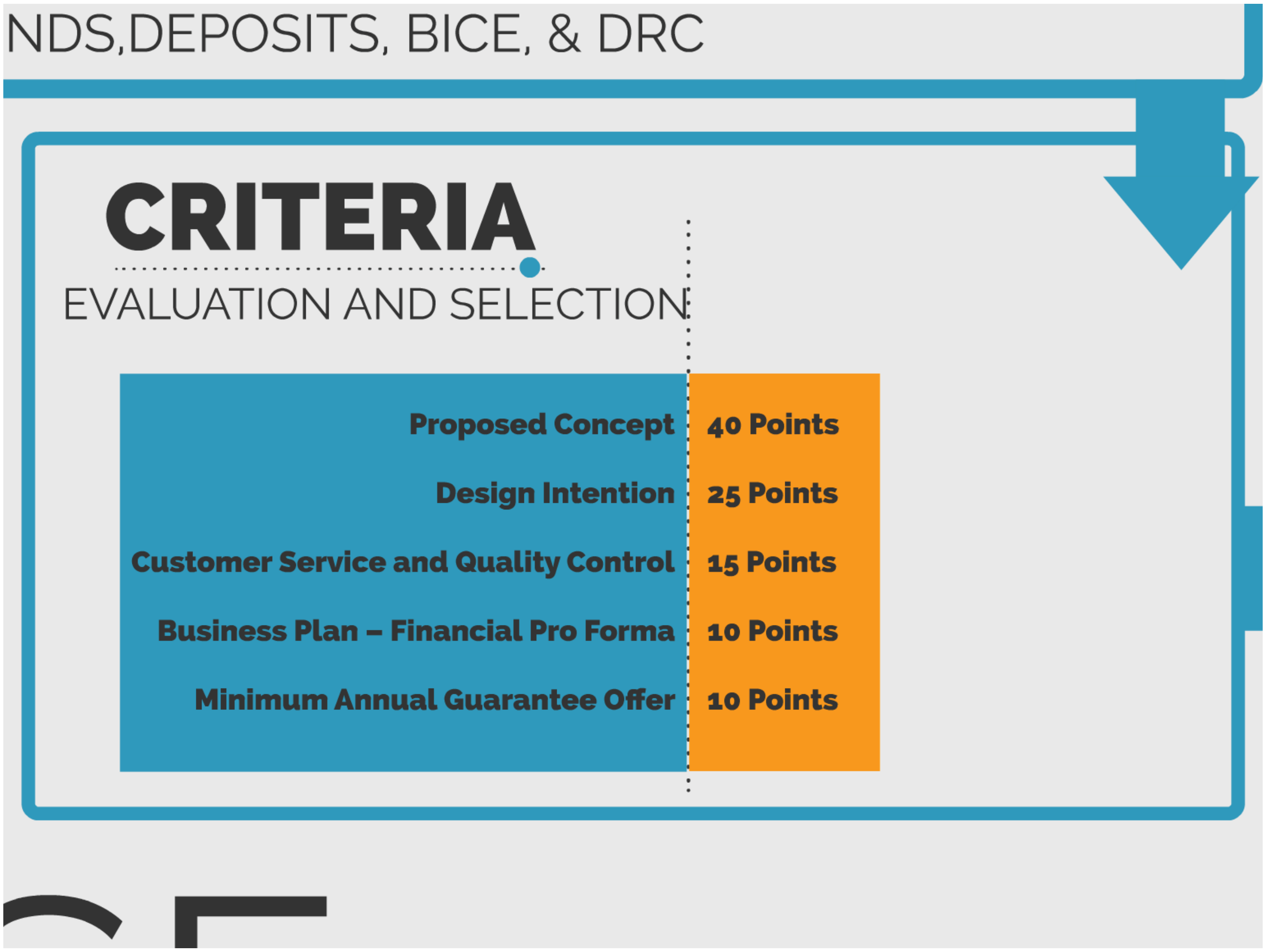
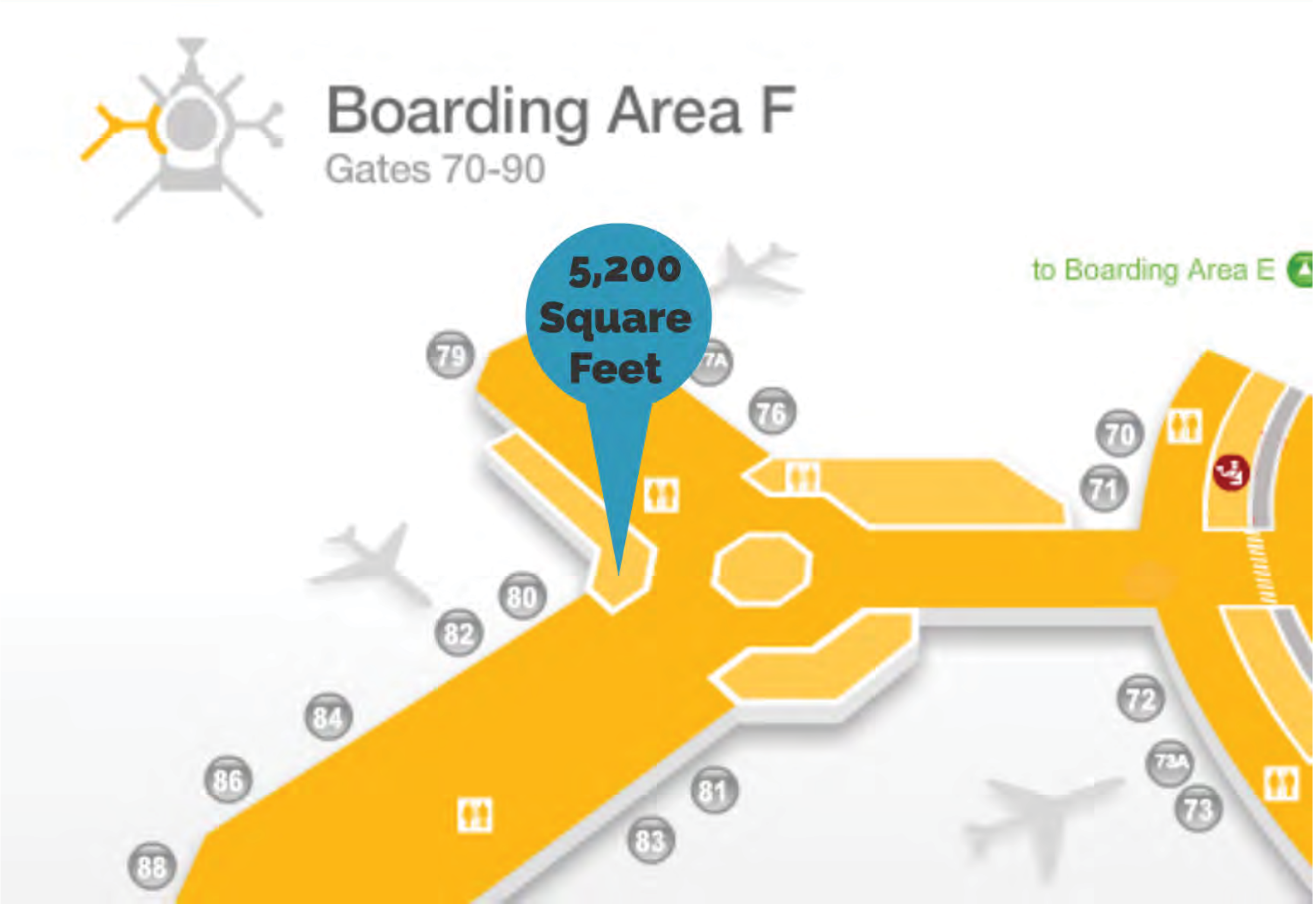

NDS,DEPOSITS, BICE, & DRC
CRITERIA
EVALUATION AND SELECTION
Proposed Concept
40 Points
Design Intention
25 Points
Customer Service and Quality Control
15 Points
Business Plan – Financial Pro Forma
10 Points
Minimum Annual Guarantee Offer
10 Points


over $4,000,000.
THE PREMISES
TERMINAL 3 Retail Marketplace
50,000,000+ passengers
9,285,886 enplanements


50,000,000+ passengers

9,285,886 enplanements


Boarding Area F
Gates 70-90
5,200 Square Feet
to Boarding Area E
to International Terminal Main Hall
International Terminal Boarding Area G


Boarding Area F
Gates 70-90
5,200
Square
Feet
to Boarding Area E
79
76
70
71
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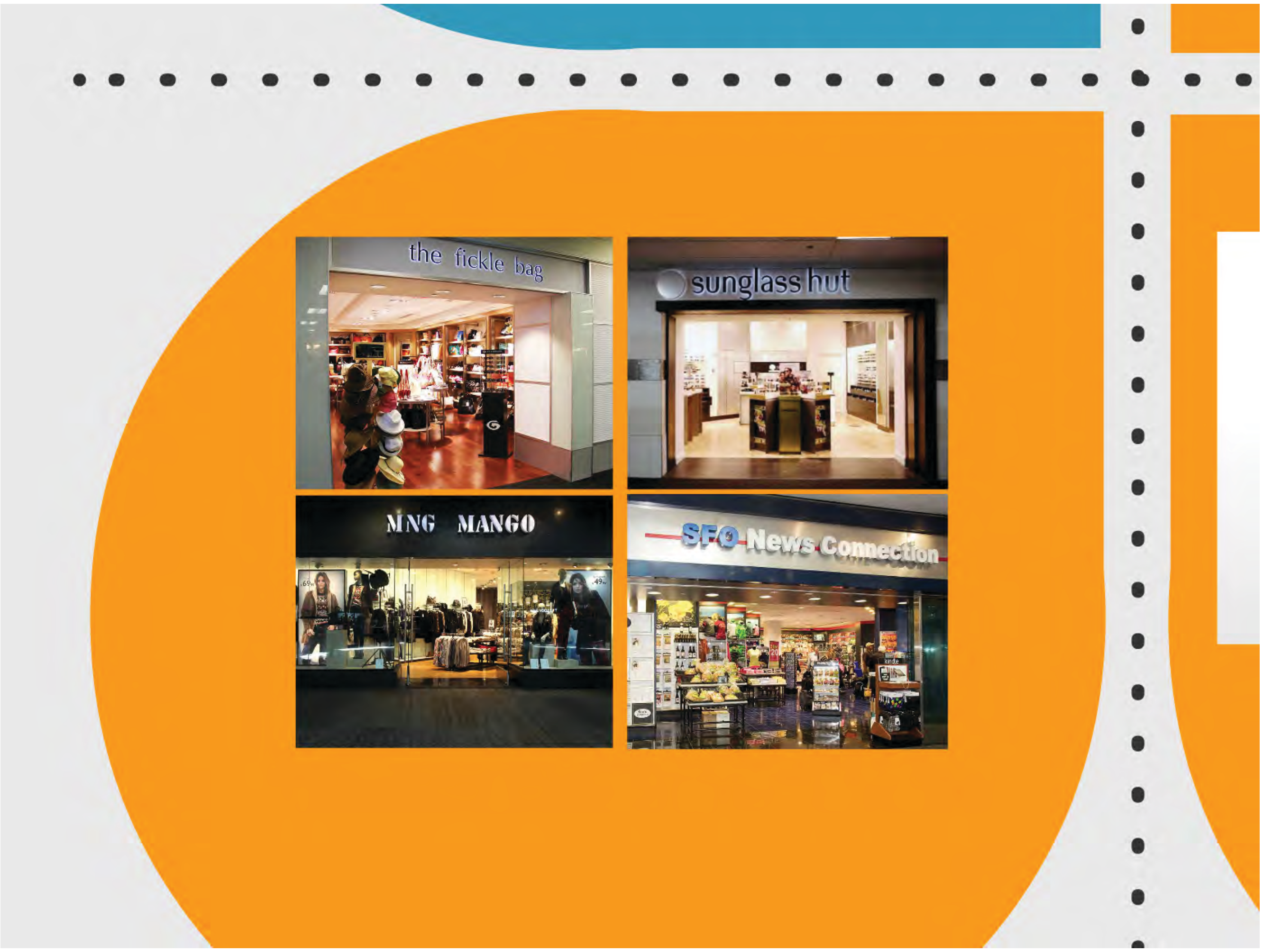
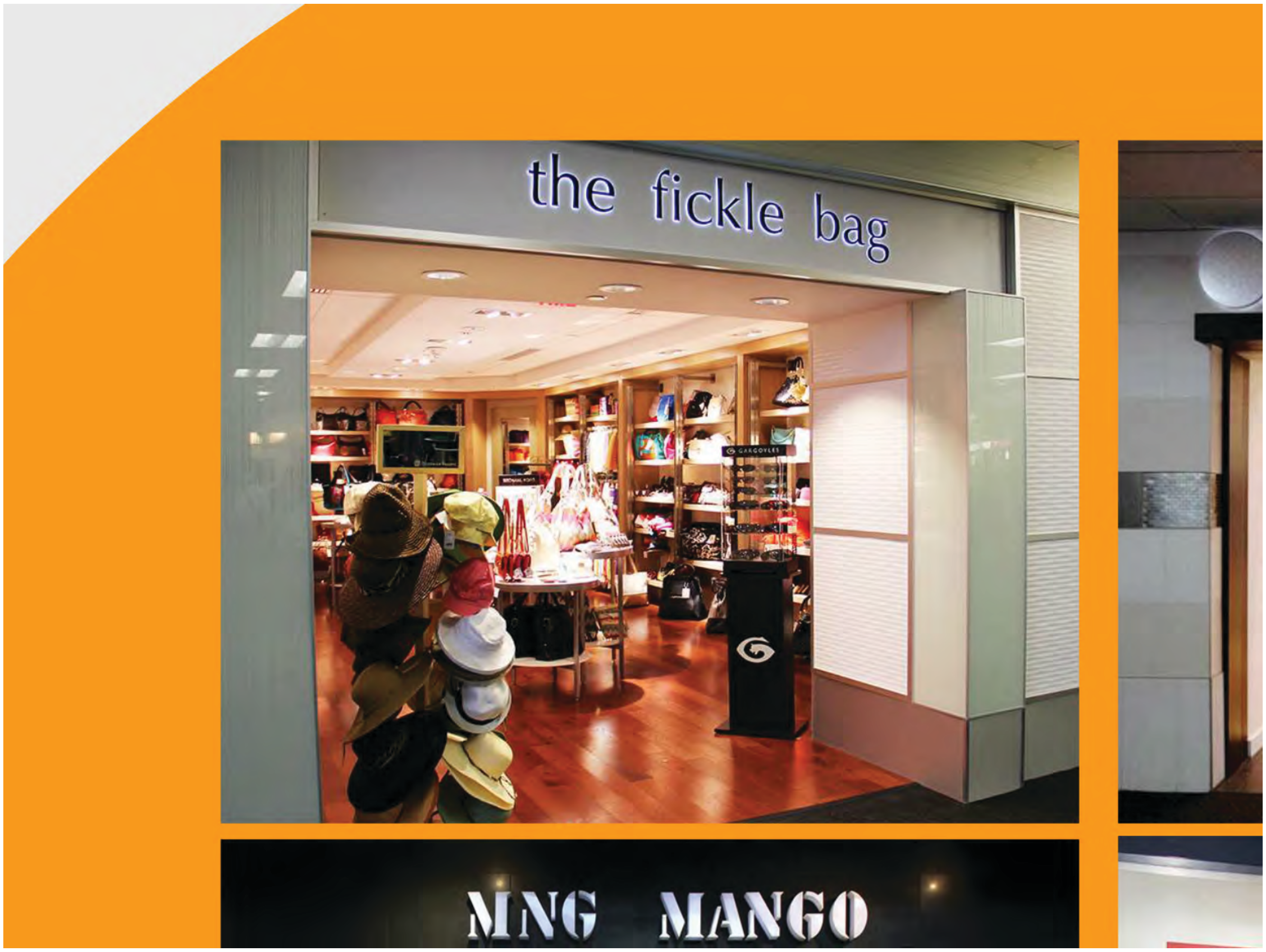
83
72
73A
73


the fickle bag
sunglass hut
MNG MANGO
SFO News Connection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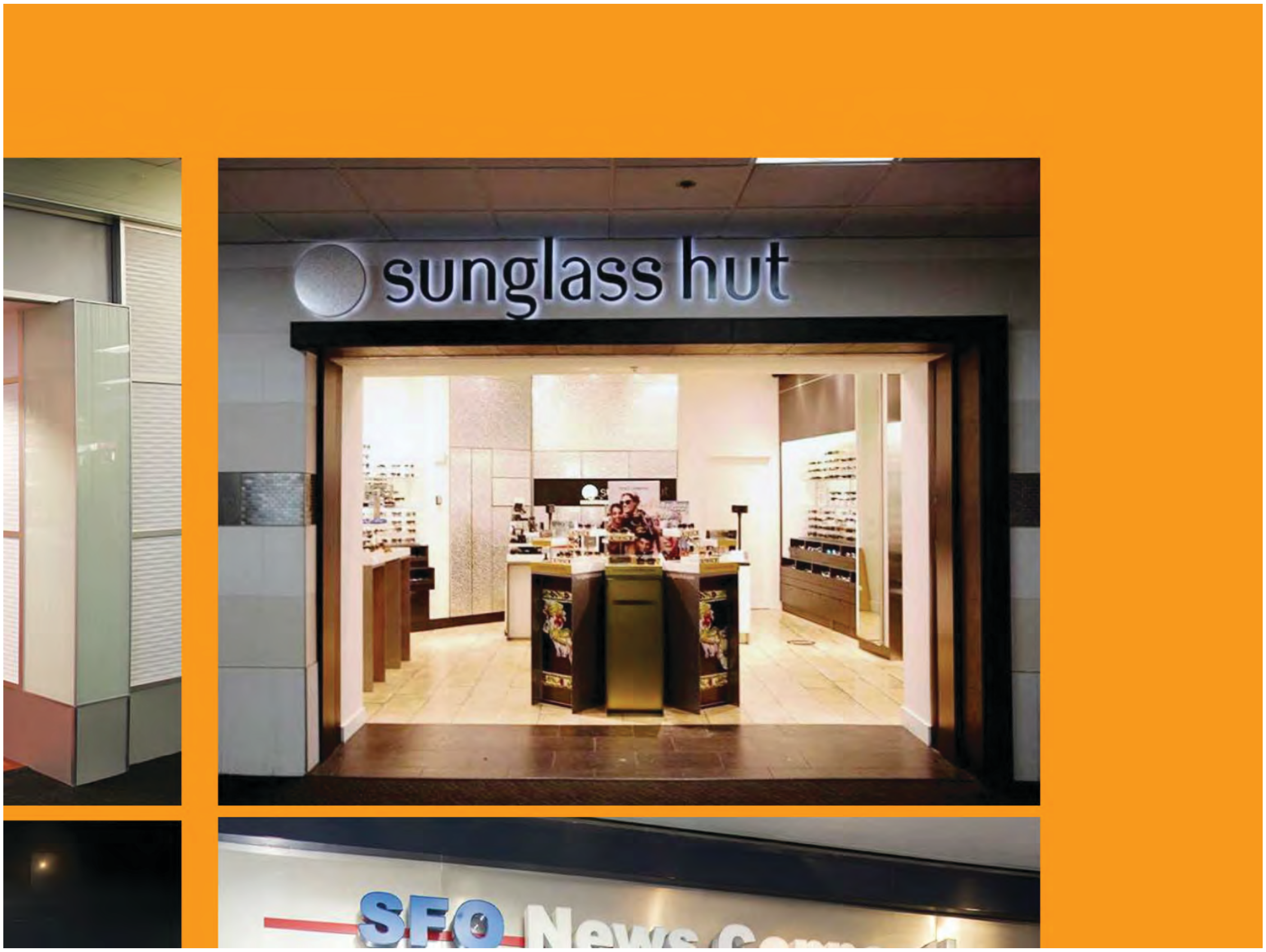
sunglass hut
SFO


MNG MANGO
$69.99
$49.99


SFO News Connection
kindle


CITY ORDINANCES
SAN FRANCISCO INTERNATIONAL AIRPORT
As an enterprise agency of the City and County of San Francisco, San Francisco International Airport is responsible to ensure that all applicable City Ordinances and Regulations are met as required for all entities doing business with and at SFO.
FIRST SOURCE
HIRING PROGRAM
QUESTIONS / CONTACT
CITY ORDINANCES
LABOR, COMMUTING, & LEASES
LABOR PEACE / CARD CHECK
LIMITATIONS ON LEASES
COMMUTER BENEFITS PROGRAM
NONDISCRIMINATION
EMPLOYMENT, CONTRACTS & BENEFITS
CITY ORDINANCES
CITY ORDINANCES
DOING BUSINESS AT SFO


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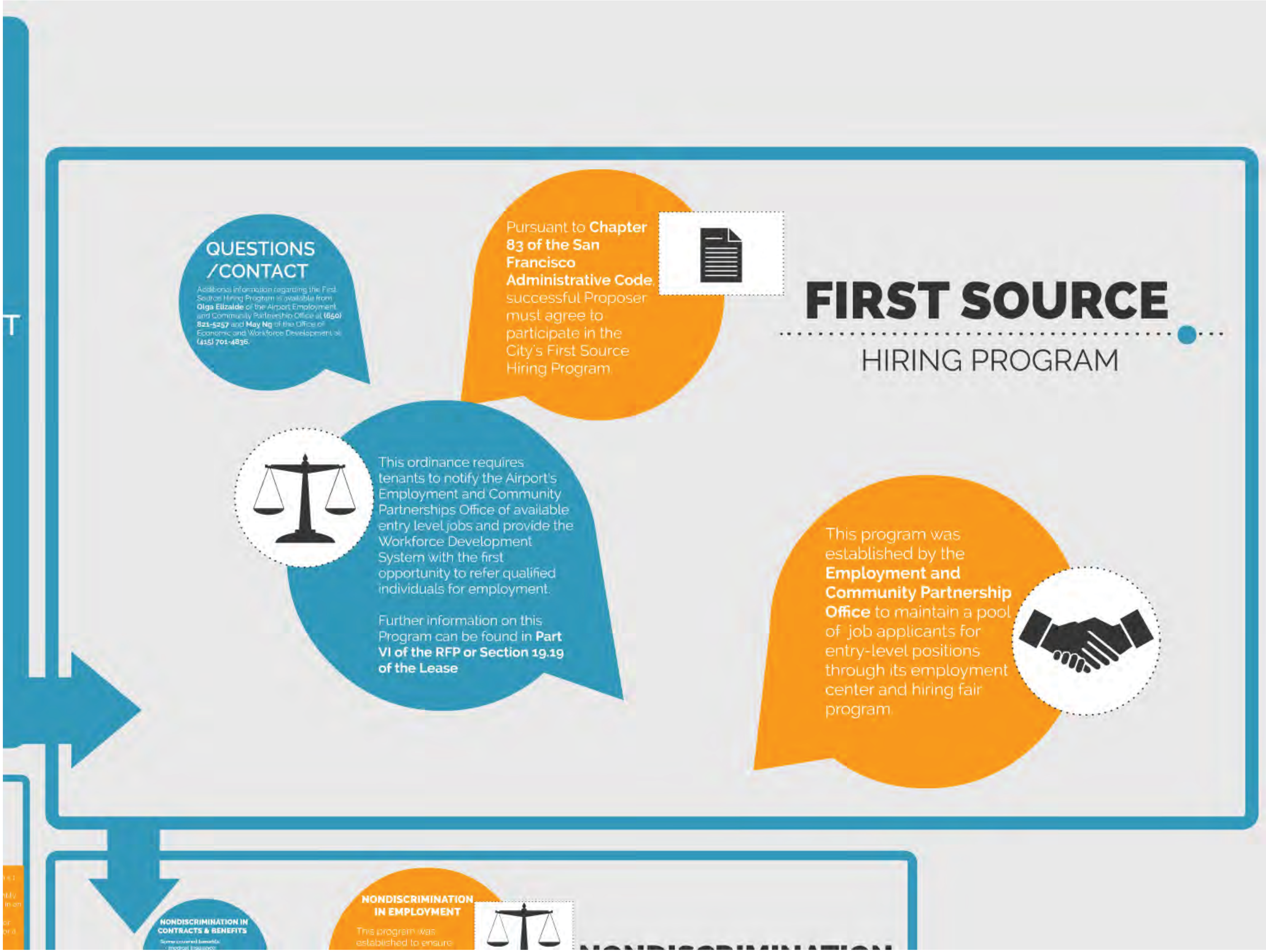
FIRST SOURCE
HIRING PROGRAM
Pursuant to **Chapter 83 of the San Francisco Administrative Code**, successful Proposer must agree to participate in the City's First Source Hiring Program.
QUESTIONS /CONTACT
Additional information regarding the First Source Hiring Program is available from **Olga Elizalde** of the Airport Employment and Community Partnership Office at **(650) 821-5257** and **May Ng** of the Office of Economic and Workforce Development at **(415) 701-4836.**
This ordinance requires tenants to notify the Airport's Employment and Community Partnerships Office of available entry level jobs and provide the Workforce Development System with the first opportunity to refer qualified individuals for employment.
Further information on this Program can be found in **Part VI of the RFP or Section 19.19 of the Lease**
This program was established by the **Employment and Community Partnership Office** to maintain a pool of job applicants for entry-level positions through its employment center and hiring fair program.
NONDISCRIMINATION IN EMPLOYMENT
NONDISCRIMINATION IN CONTRACTS & BENEFITS


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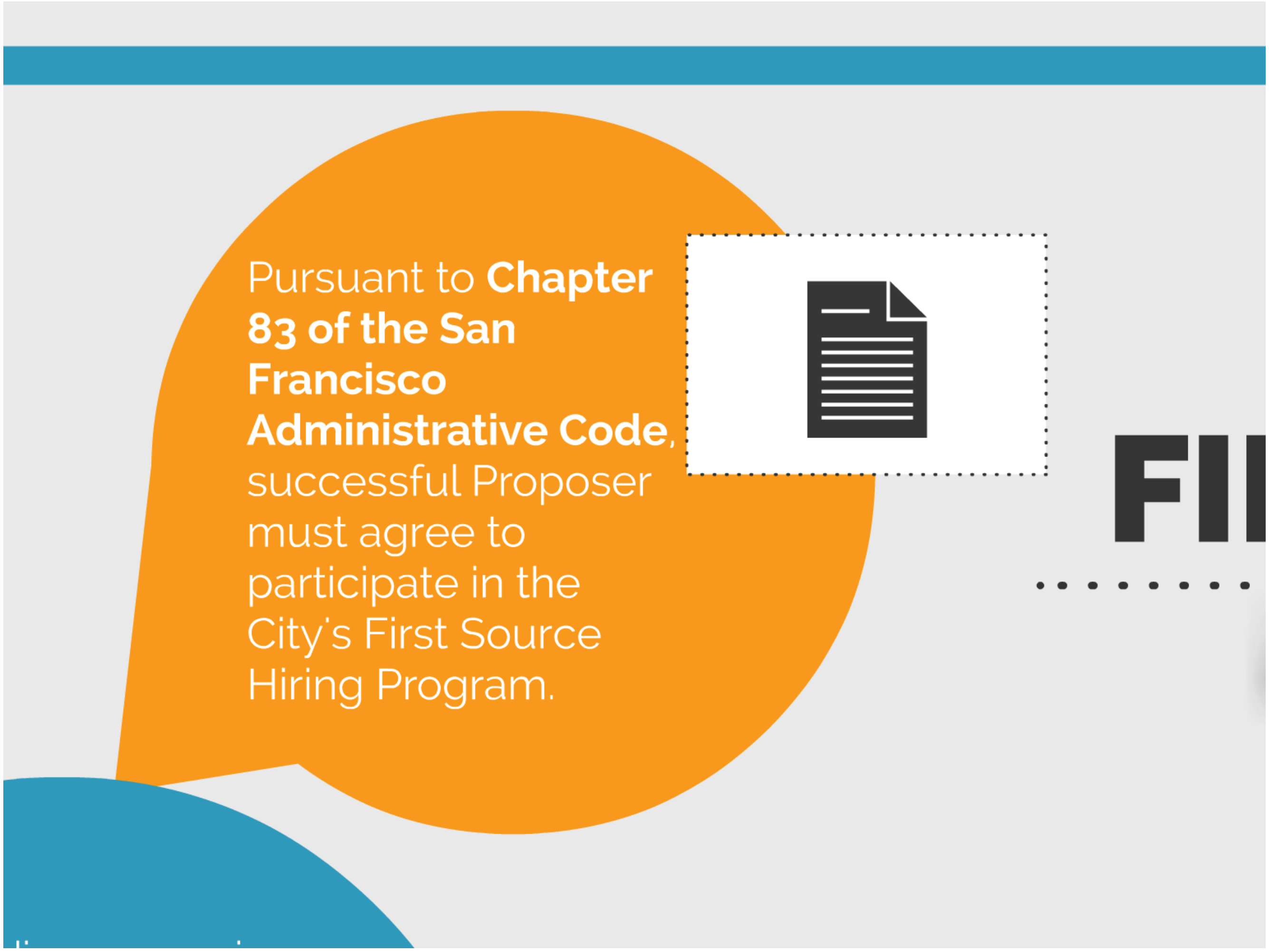
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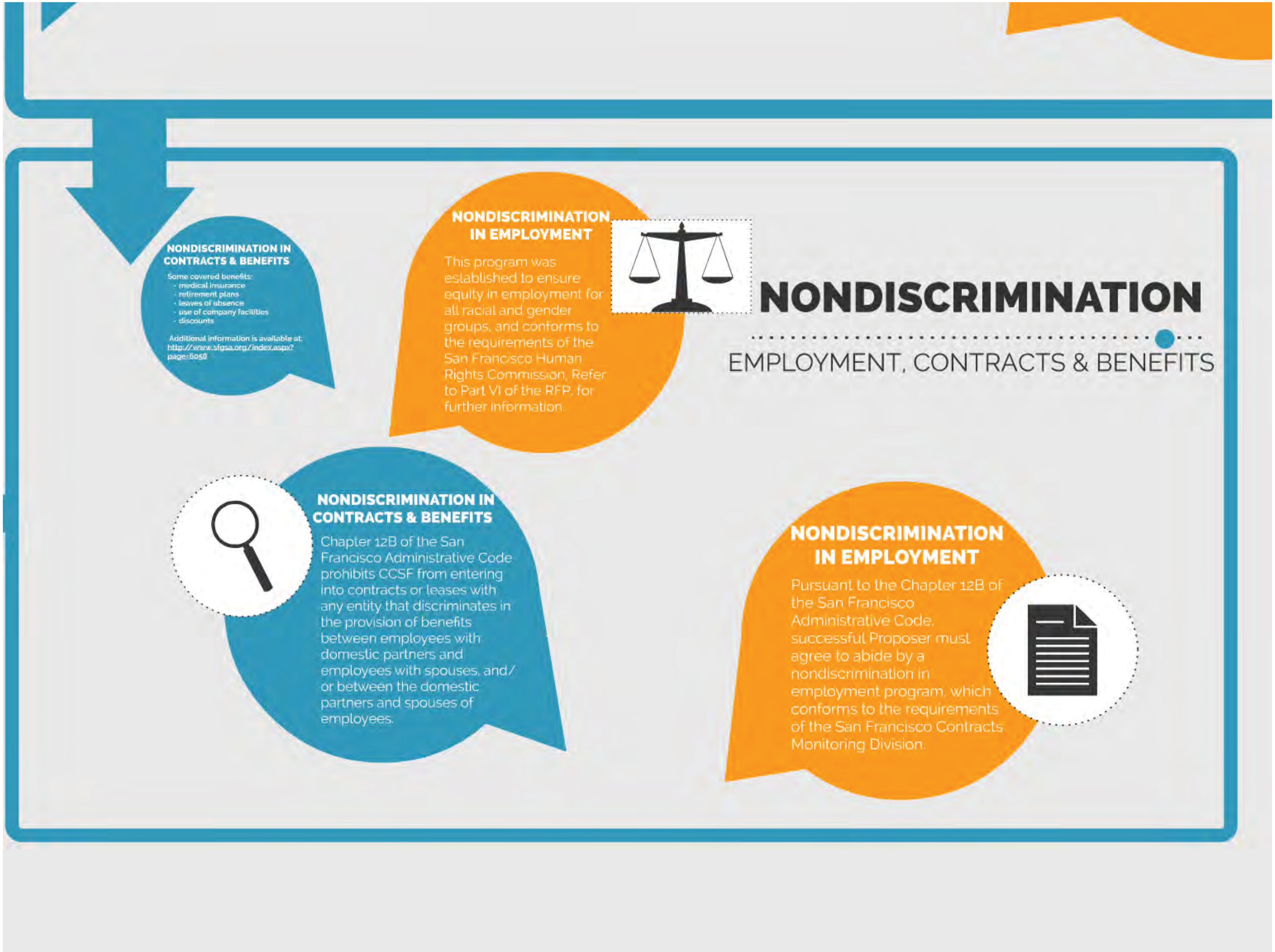
NONDISCRIMINATION
EMPLOYMENT, CONTRACTS & BENEFITS
NONDISCRIMINATION IN CONTRACTS & BENEFITS
Some covered benefits:
· medical insurance
· retirement plans
· leaves of absence
· use of company facilities
· discounts
Additional information is available at: http://www.sfgsa.org/index.aspx?page=6058
NONDISCRIMINATION IN EMPLOYMENT
This program was established to ensure equity in employment for all racial and gender groups, and conforms to the requirements of the San Francisco Human Rights Commission. Refer to Part VI of the RFP, for further information.
NONDISCRIMINATION IN CONTRACTS & BENEFITS
Chapter 12B of the San Francisco Administrative Code prohibits CCSF from entering into contracts or leases with any entity that discriminates in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of employees.
NONDISCRIMINATION IN EMPLOYMENT
Pursuant to the Chapter 12B of the San Francisco Administrative Code, successful Proposer must agree to abide by a nondiscrimination in employment program, which conforms to the requirements of the San Francisco Contracts Monitoring Division.

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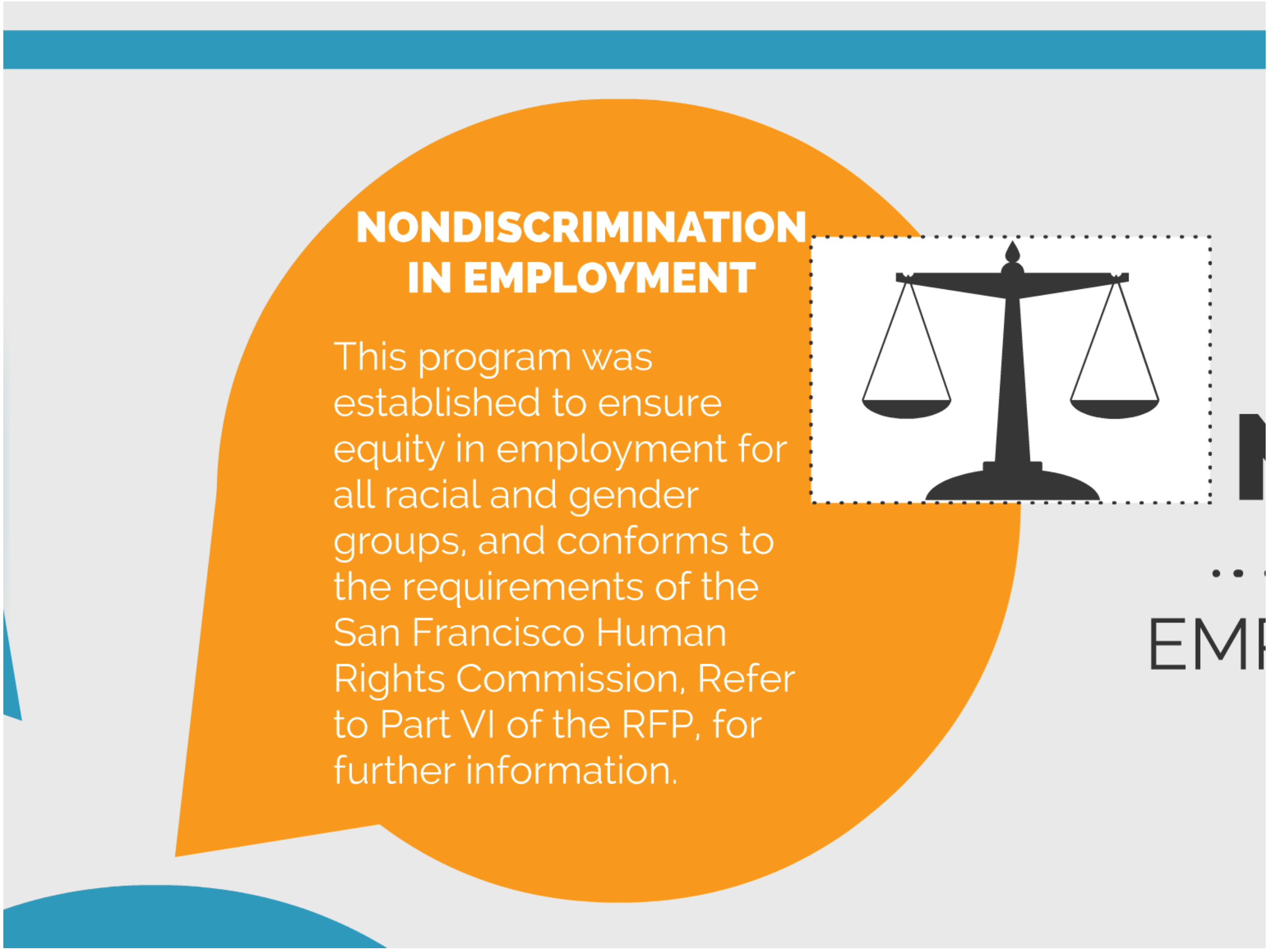
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NONDISCRIMINATION IN
CONTRACTS & BENEFITS
Some covered benefits:
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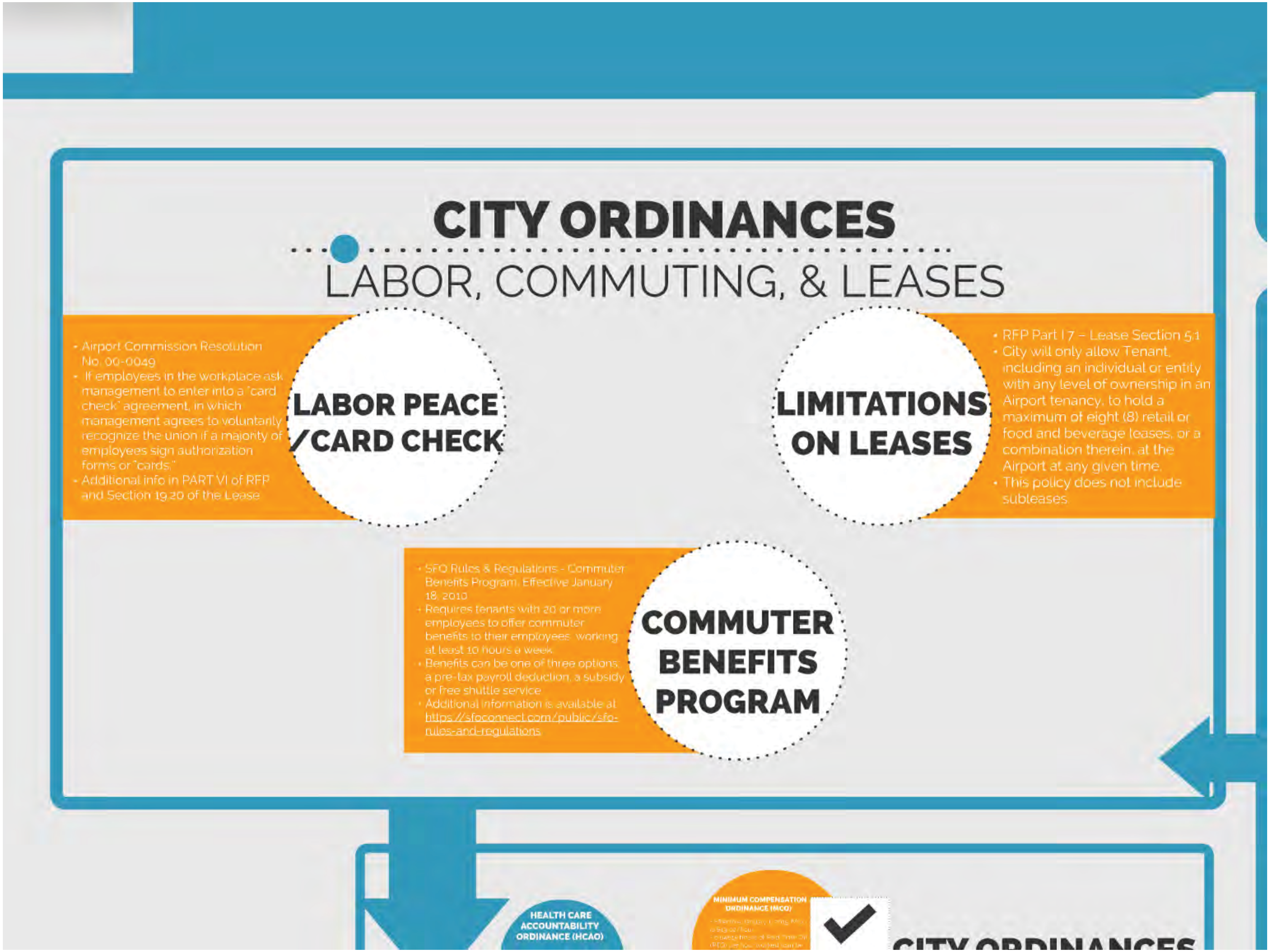
CITY ORDINANCES
LABOR, COMMUTING, & LEASES
LABOR PEACE /CARD CHECK
- Airport Commission Resolution No. 00-0049
- If employees in the workplace ask management to enter into a "card check" agreement, in which management agrees to voluntarily recognize the union if a majority of employees sign authorization forms or "cards."
- Additional info in PART VI of RFP and Section 19.20 of the Lease
LIMITATIONS ON LEASES
• RFP Part I.7 – Lease Section 5.1
• City will only allow Tenant, including an individual or entity with any level of ownership in an Airport tenancy, to hold a maximum of eight (8) retail or food and beverage leases, or a combination therein, at the Airport at any given time.
• This policy does not include subleases.
COMMUTER BENEFITS PROGRAM
• SFO Rules & Regulations - Commuter Benefits Program, Effective January 18, 2010
• Requires tenants with 20 or more employees to offer commuter benefits to their employees working at least 10 hours a week.
• Benefits can be one of three options: a pre-tax payroll deduction, a subsidy or free shuttle service
• Additional information is available at https://sfoconnect.com/public/sfo-rules-and-regulations
HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)
MINIMUM COMPENSATION ORDINANCE (MCO)


LABOR, C
LABOR PEACE
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Benefits Program,
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G, & LEASES
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• This policy does not include subleases.


HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)
Tenants and their contractors must offer a compliant health plan with no premium charge to the employee, or:
· Pay $4.50 per hour to SF General Hospital (not Healthy San Francisco)
· Employee must sign a "Know Your Rights" form
· Posting Requirement
MINIMUM COMPENSATION ORDINANCE (MCO)
- Effective January 1, 2015, MCO is $13.02 / hour
- 0.04615 hours of Paid Time Off (PTO) per hour worked (can be used as vacation or sick leave and is vested and cashed out at termination)
- 10 days off without pay per year
- Employee must sign a "Know Your Rights" form
- Posting Requirement
CITY ORDINANCES
MINIMUM COMPENSATION & HEALTH CARE
HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)
Chapter 12Q of the Administrative Code requires tenants and their contractors at San Francisco International Airport to provide appropriate health care benefits to the their covered employees.
Additional information is available from the Office of Labor Standards Enforcement at http://sfgsa.org/index.aspx?page=407
MINIMUM COMPENSATION ORDINANCE (MCO)
Chapter 12P of the Administrative Code requires tenants and their contractors at San Francisco International Airport to provide appropriate compensation to their covered employees.
Additional information in Section VI of RFP and Section 19.21 of the Lease

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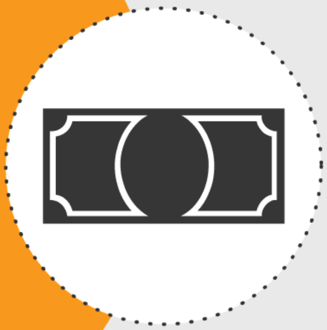


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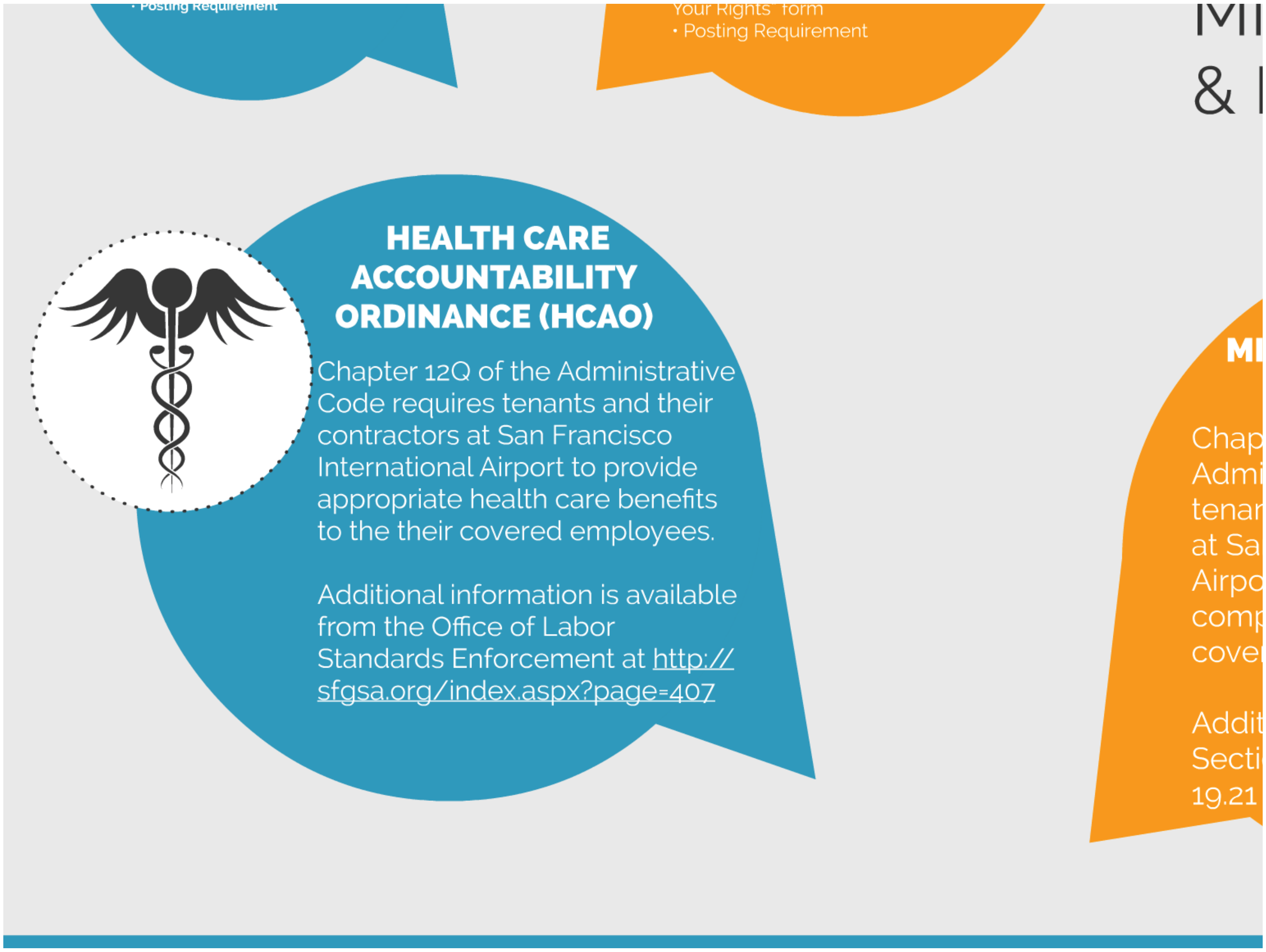
CITY
MINIM
& HEA


• Posting Requirement
HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)
Chapter 12Q of the Administrative Code requires tenants and their contractors at San Francisco International Airport to provide appropriate health care benefits to the their covered employees.
Additional information is available from the Office of Labor Standards Enforcement at http://sfgsa.org/index.aspx?page=407

HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)

Tenants and their contractors must offer a compliant health plan with no premium charge to the employee, or:

- Pay $4.50 per hour to SF General Hospital (not Healthy San Francisco)
- Employee must sign a "Know Your Rights" form
- Posting Requirement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AIRPORT OVERVIEW
WHY THE COMPETITIVE PROCESS?
TERMINAL 3 RETAIL MARKETPLACE LEASE
MINIMUM QUALIFICATION REQUIREMENTS
FINANCIALS
MQs
THE TIMELINE
RFP SCHEDULE
January 1 2017 Marketplace Opens
August 2016
July 2016 Apparent Successful Proposer Identified
June 7 2016 Proposal Deadline
May 17 2016 RFP Webportal Opens
May 10 2016 Addendum To RFP Issued
April 19 2016 Comment Deadline
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SFO
TERMINAL 3 RETAIL MARKETPLACE LEASE

APPENDIX D

Dallas/Fort Worth International Airport FY 2017 Schedule of Charges

https://www.dfwairport.com/cs/groups/webcontent/documents/webasset/p2_582378.pdf

APPENDIX E

Tampa International Airport Concessions Handbook

http://www.tampaairport.com/sites/default/master/files/Concessions%20Handbook%20Version%204%20FINAL_0.pdf

APPENDIX F

Denver International Airport Sample Concessions Agreement

http://business.flydenver.com/bizops/documents/sampleDENconcessionAgreement_Food_Beverage.pdf

APPENDIX G

Concessionaire Survey Questionnaire

ACRP Survey—Airport Concessionaires:

The Costs of Doing Business at Airports—Sept. 2016

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1) Please tell us about you.

Company: ______________________________

Your Name: ______________________________

Telephone No: ______________________________

E-mail address: ______________________________

2) What is the #1 unexpected cost/fee to do business at the airport?

____

____

3) What are the typical employee costs your company is required to pay to operate at the airport? Select all that apply. Type in other employee costs not listed.

	Food & Beverage Operators	Retail Operators
Employee Parking	( )	( )
Transportation Fee	( )	( )
Fingerprinting Application	( )	( )
Badge Fee	( )	( )
Replacement Badge Fee	( )	( )
Renewal Badge Fee	( )	( )

4) What are the typical utility costs your company is required to pay to operate at the airport? Select all that apply. Type in other utility costs not listed.

	Food & Beverage Operators	**Retail Operators**
Electricity	( )	( )
Gas	( )	( )
Water	( )	( )
Trash and Waste	( )	( )
Plumbing	( )	( )
Grease Removal	( )	( )
Recycling	( )	( )
IT/Internet	( )	( )
Phone	( )	( )

5) What are the typical facility maintenance costs your company is required to pay to operate at the airport? Select all that apply. Type in other costs not listed.

	Food & Beverage Operators	**Retail Operators**
Janitorial/Daily Cleaning	( )	( )
Common Area Maintenance	( )	( )
Pest Management	( )	( )
Vent-a-Hood Cleaning and Vent Screen Replacement	( )	( )
Annual Refurbishment	( )	( )
Mid Term Refurbishment	( )	( )
Routine and Preventive Maintenance	( )	( )

6) What are the typical customer service costs your company is required to pay to operate at the airport? Select all that apply. Type in other employee costs not listed.

	Food & Beverage Operators	Retail Operators
Marketing Fee	( )	( )
Mystery Shopping (not included with marketing fee)	( )	( )
Pricing Comparison Surveys	( )	( )
Customer Service Training	( )	( )
Compliance Violation Fees/Penalties	( )	( )

7) What are the typical "LOCAL" costs your company is required to pay to operate at the airport? Select all that apply. Type in other costs not listed.

	Food & Beverage Operators	Retail Operators
Living Wage ($ above minimum wage)	( )	( )
Health Inspections	( )	( )
Local Business Taxes—if yes, specify in blank space below	( )	( )
Permits—if yes, specify in blank space below	( )	( )

8) What are the "OTHER" costs your company is required to pay to operate at the airport? Select all that apply. Type in other costs not listed.

	Food & Beverage Operators	Retail Operators
Central Distribution and Delivery Fee	( )	( )
Privilege Fee (not MAG or % rent)	( )	( )
Office Space	( )	( )
Support/Storage Space	( )	( )
Performance Bond	( )	( )
Security Surcharge	( )	( )

9) Please indicate any other costs or fees not listed above that your company is required pay to operate at the airport? List costs/fees and provide brief comment

Other Costs/Fees	**Food & Beverage Operators**	**Retail Operators**

10) What type of insurance is typically required for your company to operate at the airport? Select all that apply

[ ] Worker's Compensation Insurance

[ ] Comprehensive General Liability

[ ] Comprehensive Auto Liability

[ ] Builder's or Contractor Insurance

[ ] Liquor Liability Coverage

[ ] Other—Write In: ____

11) How are the costs of operations typically communicated to your company? Select all that apply.

[ ] During RFP Process

[ ] Lease Agreement

[ ] Airport Rates and Charges List

[ ] Tenant Meetings

[ ] Tenant Handbook

[ ] Other - Write In: ____

12) What airport or airports are your responses based upon? Please indicate.

____

____

13) If your company has ceased operations at an airport, do you believe operating costs were a factor in ceasing operations? Is so, please provide some specifics regarding your experience.

____

____

14) Do you have other comments to help ACRP gain a better understanding of all the costs of doing business at airports?

____

____

15) Would you be willing to be interviewed as a case study example? Case study examples will have their company named in the report that will be distributed to the airport industry.

( ) Yes—please contact me to set up an interview

( ) No thank you

Thank You!

Abbreviations and acronyms used without definitions in TRB publications:

A4A	Airlines for America
AAAE	American Association of Airport Executives
AASHO	American Association of State Highway Officials
AASHTO	American Association of State Highway and Transportation Officials
ACI–NA	Airports Council International–North America
ACRP	Airport Cooperative Research Program
ADA	Americans with Disabilities Act
APTA	American Public Transportation Association
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
ATA	American Trucking Associations
CTAA	Community Transportation Association of America
CTBSSP	Commercial Truck and Bus Safety Synthesis Program
DHS	Department of Homeland Security
DOE	Department of Energy
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FAST	Fixing America's Surface Transportation Act (2015)
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
HMCRP	Hazardous Materials Cooperative Research Program
IEEE	Institute of Electrical and Electronics Engineers
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
ITE	Institute of Transportation Engineers
MAP-21	Moving Ahead for Progress in the 21st Century Act (2012)
NASA	National Aeronautics and Space Administration
NASAO	National Association of State Aviation Officials
NCFRP	National Cooperative Freight Research Program
NCHRP	National Cooperative Highway Research Program
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
PHMSA	Pipeline and Hazardous Materials Safety Administration
RITA	Research and Innovative Technology Administration
SAE	Society of Automotive Engineers
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (2005)
TCRP	Transit Cooperative Research Program
TDC	Transit Development Corporation
TEA-21	Transportation Equity Act for the 21st Century (1998)
TRB	Transportation Research Board
TSA	Transportation Security Administration
U.S.DOT	United States Department of Transportation

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